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CERTAIN BRASS SHEET AND STRIP FROM JAPAN AND THE NETHERLANDS

Determinations of the Commission in Investigations Nos. 731–TA–379 and 380 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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Note.--Information which would disclose the confidential operations of individual concerns may not be published and therefore has been deleted from this report. Deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC

Investigations Nos. 731-TA-379 and 380 (Final)

CERTAIN BRASS SHEET AND STRIP FROM JAPAN AND
AND THE NETHERLANDS

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, 2/3/ pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is materially injured or threatened with material injury by reason of imports from Japan and the Netherlands of certain brass sheet and strip, 4/ provided for in item 612.39 of the Tariff Schedules of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i)).
2/ Commissioners Eckes and Lodwick determine that an industry in the United States is materially injured by reason of the subject imports. Commissioner Rohr determines that an industry in the United States is threatened with material injury by reason of the subject imports. Commissioner Rohr further determines, pursuant to 19 U.S.C. § 1673d(b)(4)(B), that he would have found material injury by reason of the subject imports but for the suspension of liquidation of entries of the merchandise under investigation.
3/ Vice Chairman Brunsdale and Commissioners Liebeler and Cass determine that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from Japan and the Netherlands of the subject merchandise.
4/ For purposes of these investigations the term "certain brass sheet and strip" refers to brass sheet and strip, other than leaded brass and tin brass sheet and strip, of solid rectangular cross section over 0.006 inch but not over 0.188 inch in thickness, in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, provided for in items 612.3960, 612.3982, and 612.3986 of the Tariff Schedules of the United States Annotated (TSUSA). The chemical compositions of the products under investigation are currently defined in the Copper Development Association (CDA) 200 series or the Unified Numbering System (UNS) C20000 series. Products whose chemical compositions are defined by other CDA or UNS series are not covered by these investigations.

Background

The Commission instituted these investigations effective February 1, 1988 (Japan), and February 8, 1988 (Netherlands), following preliminary determinations by the Department of Commerce that imports of certain brass sheet and strip from Japan and the Netherlands were being sold at LTFV within the meaning of section 731 of the Act (19 U.S.C. § 1673). Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of February 24, 1988 (53 F.R. 5474).

On February 22, 1988, Commerce published a notice in the Federal Register (53 F.R. 5207) postponing its final LTFV determination for Japan until June 15, 1988; and on March 10, 1988, Commerce published a notice in the Federal Register (53 F.R. 7771) postponing its final LTFV determination for the Netherlands until June 15, 1988. Accordingly, the Commission published a notice in the Federal Register of March 30, 1988 (53 F.R. 10301), revising its schedule for the conduct of the investigations. The hearing was held in Washington, DC, on June 28, 1988, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF COMMISSIONERS ALFRED ECKES AND SEELEY LODWICK [1]

We determine that an industry in the United States is materially injured by reason of imports of brass sheet and strip from Japan and the Netherlands that the Department of Commerce (Commerce) has determined to be sold at less than fair value (LTFV). Our determination rests primarily on declines in production capacity, wages, employment, investment and research and development expenditures, and on the poor financial condition of the industry throughout the period of investigation, notwithstanding the growth in production and shipment data since 1985 and the fact that the industry as a whole regained profitability in 1987. The data on the imports show that they have remained a significant part of the United States market in both absolute and relative terms and that there is a general pattern of underselling of the domestic like product resulting in price suppression and depression.

Like Product and Domestic Industry

As a threshold matter to the Commission's analysis of antidumping investigations, the Commission must define the relevant domestic industry against which to assess the impact of the imports under investigation. Section 771(4)(A) of the Tariff Act of 1930 (the Act) defines the domestic industry as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." [2] In turn,

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1/ Commissioners Liebeler, Rohr, and Brunsdale concur in these views regarding the definition of the like product and the domestic industry.

2/ 19 U.S.C. § 1677(4)(A).

"like product" is defined as "[a] product that is like, or in the absence of like, most similar in characteristics and uses with the article subject to investigation . . . ." 3/

The imported product at issue in this investigation is "certain brass sheet and strip," currently defined in the Copper Development Association (C.D.A.) 200 series or in the Unified Numbering System (U.N.S.) C20000 series. 4/ The Commission has investigated the impact of imported U.N.S. C20000 series brass sheet and strip (the same product involved here) on the domestic brass industry on several occasions in recent years. 5/ In

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3/ 19 U.S.C. § 1677(10).

4/ For purposes of these investigations, Commerce has defined the imported article under investigation as follows:

> The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass sheet and strip, currently provided for under the TSUSA item numbers 612.3960, 612.3982, and 612.3986 and currently classifiable under HS item numbers 7409.21.00.50, 7409.21.00.75, 7409.29.00.50, and 7409.29.00.75.
>
> The chemical compositions of the products under investigation are currently defined in the Copper Development Association (C.D.A.) 200 series or in the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are defined by other CDA or UNS series are not covered by these investigations.
>
> The physical dimensions of the products covered by the investigation are brass sheet and strip of solid rectangular cross section over 0.006 inch (0.15 millimeters) through 0.188 inch (4.8 millimeters) in finished thickness or gauge, regardless of width. Coiled, wound or on reels (traverse wound) and cut-to-length products are included.

53 Fed. Reg. 23295 (June 21, 1988) (Japan); 53 Fed. Reg. 23431 (June 22, 1988) (Netherlands).

5/ Certain Brass Sheet and Strip from Japan and the Netherlands, Invs. Nos. 731-TA-379 and 380 (Preliminary) (Sept. 1987) (Japan & Netherlands (Preliminary)); Certain Brass Sheet and Strip from France, Italy, Sweden, and

(Footnote continued on next page)

Japan & Netherlands (Preliminary) at 3-4, and, prior to that, in France, Italy, Sweden, and West Germany (Final) at 5-10, and in Brazil, Canada, and Korea (Final) at 5-9, the Commission determined that the like product consisted of all domestically produced brass sheet and strip of the U.N.S. C20000 series. 6/

The only like product/domestic industry issue in this final investigation was raised by Cambridge-Lee Industries, Inc., one of the respondents. Cambridge-Lee, inter alia, purchases forty-eight inch wide Muntz metal and forty-eight inch wide architectural bronze, products which are not produced in the United States in those widths. 7/ Cambridge-Lee urges the Commission to find two like products -- one consisting of the 48" width material and the

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West Germany, Invs. Nos. 701-TA-270 (Final) and 731-TA-313, 314, 316, and 317 (Final) (Feb. 1987) (France, Italy, Sweden, and West Germany (Final)); Certain Brass Sheet and Strip from Brazil, Canada, and the Republic of Korea, Invs. Nos. 701-TA-269 (Final) and 731-TA-311, 312, and 315 (Final) (Dec. 1987) (Brazil, Canada, and Korea (Final)). The final determinations regarding Italy, Sweden, and West Germany are currently on appeal to the U.S. Court of International Trade. LMI - La Metalli Industriale S.p.A. v. United States, No. 87-03-00560 (Italy); Granges Metallverken AB v. United States, No. 87-03-00583 (Sweden); Wieland-Werke AG v. United States, No. 87-03-00575 (West Germany).

6/ The primary like product question raised in those cases involved whether to include "reroll" within the scope of the like product. Reroll is medium to heavy gauge brass that is sold by a mill to an independent finisher, a so-called "reroller." Domestic brass mills also have their own finishing capacity. The Commission rejected arguments that rerollers not be a constituent part of the domestic industry. E.g., Japan & Netherlands (Preliminary) at 4 n.3. No party has renewed any of the arguments regarding reroll in these final investigations and there is no new information bearing on the issue that would warrant reconsideration of that question.

7/ In the preliminary investigation, Cambridge-Lee also argued for the "exclusion" of mirror bright strip. See Japan & Netherlands (Preliminary) at 10 n.27. The Commission rejected the argument unpersuasive in the preliminary investigation and it has not been reiterated here.

other consisting of the remaining brass sheet and strip -- and to "exclude" the 48" wide Muntz metal and architectural bronze from its final determination. As Cambridge-Lee explains:

> there is a separate 'like product'--brass sheet in 48" widths and more specifically architectural grade Muntz metal and architectural grade commercial bronze in that width. Because there is no 48" brass sheet at all, and certainly no 48" architectural grade Muntz metal or commercial bronze, or any product which is directly competitive with these specific products, produced by the U.S. brass sheet and strip industry, they should be excluded from this investigation. 8/

The argument is not persuasive. 9/

Cambridge-Lee asserts that the 48" Muntz metal and architectural bronze differ from the other brass products because: (1) they are interchangeable with each other but not the broader group because of three factors -- size, quality, and the special alloys involved; (2) the 48" widths of Muntz metal and architectural bronze are used for architectural applications, including

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8/ Cambridge-Lee Prehearing Brief at 4-5.

9/ As to Cambridge-Lee's argument that the 48" width imported brass sheet and strip should be "excluded," the Commission has no authority to do so. As the Commission recently explained:

> The justification for not excluding the imports is the statutory scheme: The imports are included within the scope of investigation defined by the Commerce Department, which controls the Commission's scope of investigation. See 19 U.S.C. § 1673b(a); Sprague Electric Co. v. United States, 84 Cust. Ct. 260, 262 (1980) (the "Commission has no authority to refine or modify the class or kind of merchandise found to be, or likely to be, sold at LTFV."). Our task under the statute is to determine whether there is a reasonable indication of material injury to the domestic industry producing products "like" the imports under investigation.

Certain All-Terrain Vehicles from Japan, Inv. No. 731-TA-388 (Preliminary), USITC Pub. 2071 at 9 n.30 (March 1988). See also 3.5 Inch Microdisks and Media Therefor from Japan, Inv. No. 731-TA-389 (Preliminary), USITC Pub. 2076 at 20 (April 1988).

building facades, lobbies, elevators, and doors "in which an aesthetic beauty and uniformity of product is required"; [10/] (3) they are produced on special equipment and by only one producer in Japan and by no producer in the Netherlands or in the United States (except for one U.S. producer who can produce to 36" widths but has quality problems); and (4) they are sold through channels catering to the architectural trade. Finally, Cambridge-Lee maintains that the architectural preference for these products is based on size, so that if 48" inch width is not available, purchasers turn to other 48" width products, including stainless steel. [11/]

Petitioners argue that there should be a single like product [12/] in that the domestic industry produces fully substitutable products. [13/] They assert that although they cannot produce at the 48" width, they can produce all U.N.S. C20000 products, including Muntz metal and architectural bronze, at a variety of widths less than 48 inches. They assert that the 48" width is only a preference by certain purchasers and that domestically produced narrower widths can be substituted for the 48" width. [14/] [15/]

10/ Cambridge-Lee Prehearing Brief at 7. We note that there is architectural bronze manufactured in series other than those under investigation here.

11/ E.g., Cambridge-Lee Prehearing Brief at 6-8.

12/ E.g., Petitioners' Prehearing Brief at 6-8; Transcript of the Hearing (Tr.) at 9.

13/ Cf. Tr. at 58 (the domestic industry "can produce all the products that are supposedly niche products produced by the importers.")

14/ E.g., Petitioners' Prehearing Brief at 10 and exhibit 2.

15/ The domestic industry also argued that granting the requested

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Our investigation has revealed that the preference for the 48" material is based on the fact that construction takes place in multiples of sixteen inches, as that is the standard distance between wall studs and similar supporting structures. Thus, the choice of width depends on the individual architect or designer, but must be in widths that are multiples of sixteen inches. 16/ While some purchasers would substitute other materials at the 48" width, 17/ we conclude that the distinction between 48" width material and narrower material is based primarily on consumer preferences, including aesthetic considerations, not on a lack of interchangeability in a more technical sense. We further conclude that the domestic industry can produce Muntz metal and architectural bronze at the 32" width, if not the 48" width, and that this is technically substitutable for the 48" imports. Thus, the choice of 48" widths by consumers appears to be a matter of consumer preference based in part on the number and spacing of seams, not a choice driven by technical considerations.

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"exclusion" would pose a potential circumvention problem in that importers could easily slit wide width material and sell the cut material in competition with the domestic industry, Petitioners' Prehearing Brief at 10, because the cost of a slitting operation is small, about one or two cents per pound. Tr. at 70-71. The argument is misplaced: it should be addressed to Commerce during annual reviews or at other appropriate times in the enforcement of any antidumping orders which may issue.

16/ EC-L-241 (July 25, 1988). We can refer to this information only in general terms as much of it was provided to the Commission in confidence by purchasers.

17/ Id.

The Court of International Trade, the Commission's reviewing court for antidumping investigations, has cautioned against reliance on consumer preferences as a basis for making like product distinctions. As the Court recently noted, "If one has to choose a single basis upon which to make a like product determination, consumer preferences would seem to be a poor choice." 18/ Moreover, we do not find that this situation provides the kind of "clear dividing line" between products that would justify dividing United States production into two like products. 19/ 20/

18/ Asociacion Colombiana de Exportadores de Flores v. United States, Slip Op. 88-91 at 7 (CIT July 14, 1988). In that case, the Court held that consumer preference data in that investigation, standing alone, did not rise to the level of substantial evidence to support a like product determination.

19/ The Commission has stated that it looks for "clear dividing lines among products in terms of distinct characteristics and uses. Minor variations in products are insufficient to find separate like products." Color Picture Tubes from Canada, Japan, the Republic of Korea, and Singapore, Invs. Nos. 731-TA-367-370 (Preliminary), USITC Pub. 1937 at 4 (Jan. 1987). See S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979). See also Internal Combustion Engine Forklift Trucks from Japan, Inv. No. 731-TA-377 (Final), USITC Pub. 2082 at 5-6 (May 1988). For example, in 64K Dynamic Access Memory Components from Japan, Inv. No. 731-TA-270 (Final), USITC Pub. 1862 at 6-7 (June 1986), the Commission included all domestic DRAMs within the scope of the like product since regardless of the density of the DRAM, the memory functions are essentially the same and each density performs its functions in fundamentally the same manner.

The Commission, when faced with a spectrum or continuum of product, has not separated the imported article under investigation into a number of separate articles nor found series of like products conforming to separate portions of the continuum of imports. Indeed, "[t]he Commission has repeatedly found a single like product where there are no clear distinctions among domestic products." France, Italy, Sweden, and West Germany, supra, at 10 n.21.

20/ With regard to Cambridge-Lee's argument regarding the production machinery used for the 48" width brass products, there is no evidence of record that the Japanese production machinery differs in any respect from production machinery for the production of brass other than its ability to roll widths larger than those being rolled by the domestic industry.

In the prior brass sheet and strip investigations, including the preliminary phase of the present investigations, the Commission found a single like product including reroll. The Commission found that the "clear dividing lines" for separation of domestic products into two or more like products were not present in those cases. The Commission did not determine, for example, that certain types of brass sheet and strip from West Germany and Sweden (a significant portion of those imports) were so different from other brass sheet and strip due to quality and market considerations that two or more like products would be appropriate.

Therefore, we do not believe that the differences asserted between the 48" brass products and the other brass products are of sufficient magnitude to justify the establishment of two like products in these investigations. Accordingly, we find that there is a single like product -- all U.N.S. C20000 domestically produced brass sheet and strip -- and that there is a single industry consisting of the domestic producers of the like product.

Condition of the Domestic Industry

In evaluating the condition of the domestic industry, the Commission considers, among other factors, domestic consumption, production, capacity, capacity utilization, shipments, inventories, employment, and financial performance. 21/

21/ 19 U.S.C. § 1677(7)(C)(iii). In assessing the condition of this industry, we have considered information pertaining to Chase Brass & Copper Co., a petitioner in these investigations. During the first quarter of 1988, Chase sold its principal production facility to North Coast Brass & Copper

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When the Commission examined this industry in late 1986 and early 1987, we noted that demand for brass sheet and strip was very strong in 1984 and had fallen sharply thereafter. As a result, almost all of the key indicators for the industry showed significant declines during 1985 and interim 1986. 22/ In the preliminary investigations regarding imports from Japan and the Netherlands, the Commission noted that "some of those indicators show improvement, particularly in the 1987 period." 23/ The Commission determined, notwithstanding these improvements, that there was a reasonable indication of material injury. In these final investigations, some of the data show substantial improvement in 1987 and in interim 1988. 24/

On the basis of these data, several respondents urged the Commission to

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Co. Chase constructed a new production facility at Shelby, North Carolina, which was in production in 1987 and the first quarter of 1988. Report of the Commission (Report) at a-13. Because the restructuring of Chase Brass's production facilities is a development subsequent to our final determinations on these products in late 1986 and early 1987, we find it helpful to include information on Chase Brass in our analysis. We recognize that if the data for Chase were excluded, certain indicators of the condition of the domestic industry would show the industry in better condition. We have chosen to rely on the data regarding Chase because it is part of the domestic industry and because the data on Chase are included in certain of the aggregate data to which we refer in this opinion, thus permitting their nonconfidential discussion. Even had we chosen to exclude the data on Chase, our conclusions in this opinion would not change.

22/ France, Italy, Sweden, and West Germany (Final) at 10-11; Brazil, Canada, and Korea (Final) at 10-11.

23/ Japan & Netherlands (Preliminary) at 5.

24/ The data gathered in these investigations cover the period 1984 through March 1988. Financial data cover the period of accounting years 1984 through 1987 and the interim accounting years ending March 31, 1987, and March 31, 1988.

determine that the industry is not experiencing material injury. 25/ Moreover, we have been urged to disregard the data for 1984 because it is beyond the Commission's traditional period of analysis, represents an abnormally good year for the domestic industry, and is too remote in time. 26/ The Commission does not find the argument persuasive and has referred to 1984 data, inter alia, as a benchmark against which to examine respondents' arguments regarding the economic health of the industry in 1987 and interim 1988. 27/ While it is true that there have been substantial improvements since our earlier final determinations, a review of the totality of the circumstances does not, in our view, lead to the conclusion urged by those respondents. 28/ Nothing in the record suggests that the structure of the domestic industry (except for the start-up of the Chase narrow strip facility and the changes in ownership of several firms) has changed in any significant fashion since 1984. The production processes of the industry, the markets it serves, and the products against which it competes (including substitute products), appear to be substantially as they were in 1984.

25/ E.g., Cambridge-Lee Prehearing Brief at 9-16; Metallverken Nederland B.V. Posthearing Brief at 1; Tr. at 191-92.

26/ Nippon Mining Co. Prehearing Brief at 5-6; Metallverken Nederland Prehearing Brief at 20, n.12.

27/ The Commission's reviewing courts have stated that the Commission is not required to focus on a particular time frame in its analysis. British Steel Corp. v. United States, 593 F. Supp. 405, 409-12 (CIT 1984); American Spring Wire Corp., 590 F. Supp. at 1279. Cf. Kenda Rubber Industrial Co. v. United States, 630 F. Supp. 354 (CIT 1986).

28/ See France, Italy, Sweden, and West Germany (Final); Brazil, Canada, and Korea (Final).

Finally, the 1984 data provide a more complete picture of the business cycle for this industry.

As pointed out by respondents, domestic production, shipments, capacity utilization, profitability, and productivity have all increased and, in several instances, have achieved or surpassed 1984 levels. 29/ Nevertheless, those data do not provide a complete picture of the industry.

The data on increased production, shipments, and capacity utilization must be tempered by consideration of the fact that domestic capacity decreased steadily throughout the period of investigation, from 616.7 million pounds in 1984 to 543.2 million pounds in 1987, a decrease of twelve percent. 30/

Data on employment and wages show irregular declines in the number of production and related employees, their hours worked, and their wages. 31/ Although hourly wages overall have increased by 7.4 percent from 1984 through 1987, these data mask the fact that there were significant wage concessions at several firms. 32/

The financial performance of the industry has improved to the extent that the industry reported net operating income in 1987, for the first time since 1985. Nevertheless, following net operating losses in 1986, net operating

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29/ See Report at Tables 1, 3, 4, 5, and 7.

30/ Id. at Table 3. Had domestic capacity remained constant, capacity utilization over the period of investigation would have increased only from 73.9 percent in 1984 to 75.0 percent in 1987, not to 85.1 percent.

31/ Id. at Table 5.

32/ E.g., Petitioners' Prehearing Brief at Exhibit 5 (¶ 5), Exhibit 6 (¶ 6), and Exhibit 7 (¶ 6).

income as a percentage of net sales, which stood 5.6 percent in 1984, was only 1.9 percent in 1987. [33/] Moreover, no firms reported operating losses in 1984 and four firms reported operating losses in 1987 and in interim 1988. This financial experience is reflected in the capital expenditures of the domestic industry, which fell by more than fifty percent on an annual basis from 1984 to 1987. [34/] Research and development expenditures also declined precipitously, from $350,000 in 1984 to $28,000 in 1987. [35/]

Accordingly, we determine that the domestic industry is experiencing material injury.

Cumulation

The Commission is required to cumulatively assess the volume and effects of imports subject to investigation from two or more countries if the imports: (1) compete with other imports and the domestic like product, (2) are subject to investigation, and (3) are marketed within a reasonably coincident period. [36/] Petitioners urge the Commission to cumulatively assess the volume and effect of the imports and respondents oppose such

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33/ Report at Table 8.

34/ Id. at Table 9.

35/ Id. at a-25. We find the declines in capital expenditures and in research and development expenditures significant in the context of this industry. To the extent that some purchasers may believe that some types of the domestic product are qualitatively inferior to the imported product under investigation, the ability to invest in plant and equipment and research and development is particularly important to the domestic industry's ability to compete effectively for those purchasers.

36/ 19 U.S.C. § 1677(7)(C)(iv); H.R. Rep. No. 1156, 98th Cong., 2d Sess. 173 (1984).

cumulation. 37/

The principal arguments raised against cumulation in these final investigations are that the Dutch product is primarily brass radiator strip sold to end-users while the Japanese material is primarily the wider sheets of brass sold to distributors; 38/ that the Japanese product is dedicated principally to the technically exacting electronics market; 39/ and that the Dutch products are concentrated in specialized products in terms of gauge and end use.

Although similar arguments were raised in the preliminary investigations, the Commission found them unpersuasive. As we stated there:

> [T]here is substantial overlap in the segments in which they do serve. The Japanese, Dutch, and domestic producers are all capable of producing a wide range of products for a wide variety of users, including specialized users. Moreover, the fact that each of the countries exports some brass sheet and strip products not exported by one or more of the others affects only a relatively small number of very specialized products, not the broad range of brass sheet and strip under investigation here. Finally, several respondents argued that the U.S. mills do not produce certain of the imported products. Again, this argument pertains to very specialized segments of the market, and does not show a lack of competition between the broad range of brass sheet and strip. 40/

37/ E.g., Tr. at 10-11 (petitioners); Metallverken Nederland Prehearing Brief at 13-19; Cambridge-Lee Prehearing Brief at 16-17.

38/ Metallverken Nederland Prehearing Brief at 16; Cambridge-Lee Prehearing Brief at 16-17.

39/ Tr. at 194.

40/ Japan & Netherlands (Preliminary) at 6-7.

The parties to these investigations have essentially reasserted the positions they took in the preliminary investigations. The information obtained in these final investigations does not suggest any need to reconsider the question of cumulation. In fact, the pricing data show sales of the domestic, Dutch, and Japanese products in almost all quarters for almost all products. 41/

Accordingly, we again determine to cumulatively assess the volume and effect of imports.

Material Injury by Reason of Imports

In determining whether there is material injury "by reason of" the articles subject to investigation, the Commission is directed to consider, among other factors:

> (i) the volume of imports of the merchandise which is the subject of the investigation,
>
> (ii) the effect of imports of that merchandise on prices in the United States for like products, and
>
> (iii) the impact of imports of such merchandise on domestic producers of like products. 42/

Although the Commission may consider other causes of injury, it is not to weigh causes of injury. 43/ Rather, it is to determine whether the imports subject to investigation are a cause of material injury, as defined by the

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41/ Report at Tables 20 and 21.

42/ 19 U.S.C. § 1677(7)(B).

43/ S. Rep. No. 249, 96th Cong., 1st Sess. 74-75 (1979).

statute. [44/] The imports under investigation do not have to be the only cause of injury nor do they have to be the most significant cause of injury to the industry. [45/]

In the present investigations, certain respondents have argued that petitioners themselves recognize that any material injury is due to a factor other than the subject imports -- imports from third countries. [46/] [47/] The argument is based on a "monitoring request" filed by petitioners with Commerce in May of this year regarding imports of U.N.S. C20000 brass from countries not subject to investigation. [48/] We take no position on this issue [49/] and find, for the reasons stated below, that there is material injury by reason of the imports that are subject to investigation.

On a cumulative basis, the absolute volume of the subject imports

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44/ 19 U.S.C. § 1677(7)(A).

45/ "If the ITC finds material injury exists to an even slight contribution from imports, the ITC may not weigh this contribution against the effects of other factors that are not used in the determination." Hercules, Inc. v. United States, 673 F. Supp. 454, 481 (CIT 1987), citing Gifford-Hill Cement Co. v. United States, 615 F. Supp. 577, 586 (CIT 1985). See also British Steel Corp., 593 F. Supp. at 413.

46/ E.g., Metallverken Nederland Prehearing Brief at 40-42.

47/ Respondents also assert that any injury is due to the competitiveness of the domestic producers. There is no merit in this argument in these investigations. A competitive industry may be subjected to material injury just as much as a noncompetitive industry. S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979).

48/ The request noted increasing volumes of imports from those countries and prices substantially lower than those charged by the domestic industry.

49/ We believe it would be improper to base a determination on the mere existence of such a monitoring request. We note that, as of this writing, the Commerce Department has not yet acted on the request.

increased from 1984 through 1986 and then declined somewhat from 1986 to 1987, but remained above 1984 import levels. 50/ However, as a percentage of apparent domestic consumption, the cumulated imports increased from 5.2 percent in 1984 to to 6.6 percent in 1985 and 7.1 percent in 1986, declining only slightly to 6.2 percent in 1987. Thus, the subject imports have clearly maintained a constant presence in the declining domestic market for brass sheet and strip during the period of our investigation. 51/

As in earlier brass investigations, the Commission sought quarterly price data from both the domestic producers and importers. The data cover thirteen different brass products 52/ and the period January-March 1985 through January-March 1988. As in earlier investigations, the Commission requested the data on both a toll account basis and on a non-toll account basis. 53/

In the prior investigations, we found it useful to compare the trends in

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50/ Report at Table 14.

51/ We note that the cumulated volume of imports under investigation fell by more than fifty percent from January-March 1987 to the same period of 1988. Similarly, cumulated imports declined as a percentage of apparent domestic consumption from 6.6 percent to 2.9 percent when the same periods are compared. Those declines are attributable to imports from Japan. The Japanese respondents have offered no explanation for this decline.

52/ In the preliminary investigations, the Commission gathered data on nine different products. Petitioners questioned the selection of those products in those investigations. Japan & Netherlands (Preliminary) at 8, n.19. In order to obtain a more representative sample, the Commission selected thirteen products for these final investigations.

53/ In a toll account sale, the purchaser supplies the brass and pays the brass mill only a fabrication charge. In the non-toll account sale, the purchaser pays the mill for both the metal and the fabrication of the brass. The imports at issue are rarely sold on a toll account basis because of the transportation charges that would be involved. Report at a-38. See Japan & Netherlands (Preliminary) at 8.

toll account sales and non-toll account sales. [54/] Such comparisons were made possible by the relative stability of the prices of copper and zinc through 1986. During 1987 and 1988, however, the prices of copper and zinc fluctuated considerably, up to seventy percent in the case of copper. [55/] Thus, direct comparisons of price trends for toll account sales and for non-toll account sales are of little value in these investigations. [56/] We note, however, that the trends in the delivered prices for toll account sales by domestic producers show a pattern of decline over the period of investigation. [57/]

In these investigations, the most significant price data are the quarterly comparisons between the subject imported brass sheet and strip products and the corresponding domestic products. Direct quarterly comparisons for non-toll account sales show a consistent and pervasive overall pattern of underselling. In the case of Japan, the quarterly price comparisons show underselling in 74 of 100 instances and the margin of underselling, although fluctuating from quarter to quarter and product to product, ranged as high as 40.5 percent. [58/] In the case of the Netherlands, the quarterly price comparisons show underselling in 51 of 75

54/ E.g., Japan & Netherlands (Preliminary) at 9.

55/ Report at a-37.

56/ Much of the individual data regarding the price observations are confidential and, therefore, can only be discussed in general terms.

57/ Report at Table 16.

58/ Id. at a-50.

instances and the margin of underselling being as high as 31.7 percent. 59/ The pervasive underselling has resulted in price suppression and depression, as evidenced by the low levels of profitability of the domestic industry even during periods of strengthening demand.

Respondents have alleged -- and some purchasers have confirmed -- that the imports under investigation are considered to be of a higher quality (in terms of such factors as uniformity of composition and tolerances) than the domestic product equivalent, a factor that would normally imply that a price premium would be paid. Given the pervasive pattern of underselling described above, we find the argument to be without merit. 60/

The Japanese respondents also argued that their products, including Muntz metal and architectural bronze, occupy specialized market niches and are largely sold on bases other than price, particularly quality. However, the decrease in those imports during the interim period suggests that the imported article is far more price sensitive than argued by respondents. 61/

59/ Report at a-54.

60/ We also note that as a substantial portion of the price of any non-toll account sale is the cost of the metal, something determined on international commodities markets, the impact of the underselling is primarily in the fabrication price of domestic producers.

61/ We note that similar arguments -- that the imported products were highly specialized products occupying specific market niches thus minimizing price competition -- were made in the earlier brass cases, particularly the final investigations regarding brass sheet and strip from Sweden and West Germany. Nevertheless, since the imposition of the orders against imports from those two countries, the volume of imports from them has declined very significantly. Even more significantly, the fact that the landed, duty-paid value of those imports has declined in proportion to the decline in volume

(Footnote continued on next page)

Therefore, we are not persuaded that the imports under investigation were not a cause of material injury to the domestic industry.

In sum, we conclude that the domestic industry is materially injured by reason of the LTFV imports from Japan and the Netherlands.

(Footnote continued from previous page)
suggests that there has been no overall change in the composition of the imports. Report at Table 14. If the products were as specialized as suggested in the prior investigations, we would expect to see unit values rising as the product mix shifted toward the more specialized products for which there were assertedly no domestic substitutes.

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ADDITIONAL VIEWS OF COMMISSIONER ALFRED E. ECKES

Brass Sheet and Strip from Japan and the Netherlands
Investigations Nos. 731-TA-379 and 380 (Final)

This investigation provides the occasion to present some more "additional views" intended to encourage public discussion of a number of issues pertinent to the so-called "but-for" approach employed by certain commissioners in making material injury determinations.[1]

One problem that continues to trouble me is the remedy-oriented nature of the "but-for" approach. In a recent determination, Commissioner Rohr and I stated that the "but-for" approach was remedy-oriented in that it focused improperly on the degree to which dumping could have been eliminated prior to our investigation. Specifically, it is my view that Congress had not intended the Commission to make an affirmative determination on the basis that

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[1] These additional views incorporate views I have expressed individually or concurrently with my colleague Commissioner Rohr in other cases. See Sewn Cloth Headwear from the People's Republic of China, Inv. No. 731-TA-405 (Preliminary), USITC Pub. 2096 (1988) ("Headwear"), Additional Views of Commissioner Eckes; Digital Readout Systems and Subassemblies Therefor from Japan, Inv. No. 731-TA-390 (Preliminary), USITC Pub. 2081 (1988) ("Digital Readout Systems"), Additional Views of Commissioners Eckes and Rohr. See also my Memorandum CO-69-L-030 dated May 3, 1988.

the imposition of duties would materially improve the condition of the domestic industry.[2] But, in a subsequent opinion it was asserted that the "but-for" approach was not remedy oriented because it did not "ask how the fortunes of the domestic industry will be different if the industry no longer must compete against LTFV imports. Instead, the "but-for" approach asks how the fortunes of the domestic industry would have been different if the industry had not had to compete against LTFV imports."[3]

This appears to be a distinction without a difference. A Commission staff member who has been intimately involved in the development of the "but-for" model recently stated that this approach is remedy-oriented because it is designed to determine the remedial effect of the removal of the dumping margin.[4]

This leads to my second area of nagging concern. It has been stated that the "but-for" approach will not, in most cases, lead to determinations that are at odds with determinations made using the so-called traditional approach.[5] The Commission's voting record since the inception of the "but-for" approach suggests that this is

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2 See Digital Readout Systems, Additional Views of Commissioners Eckes and Rohr at 51-52.

3 Forklift Trucks at 120-121.

4 Statement of economist Tracy Murray at workshop on the use of data in ITC injury analysis, sponsored by the International Law section of the District of Columbia Bar, July 21, 1988.

5 Id.

generally true. Proponents of the "but-for" approach have, however, also stated that the approach will be more likely to result in affirmative determinations in cases where the domestic industry's performance shows improvement.[6] The "but-for" approach has, in fact, been the basis for affirmative votes in two such cases at the preliminary stage.[7] In the first, the record showed that the industry's operating performance had been extremely positive despite the presence of a large volume of imports in a declining market.[8] In the second case,[9] the condition of the industry showed "dramatic improvement" throughout the period of our investigation.[10]

Equally significant is another exception to the general proposition that the "but-for" approach will usually lead to the

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6 Id. I suspect, however, that a rigorous application of the "but-for" approach in recessionary circumstances will lead to more negative determinations than the traditional approach.

7 Digital Readout Systems (Preliminary).

8 Id., Dissenting Views of Commissioners Eckes, Rohr and Lodwick. We noted that the record in this case was unusually complete for a preliminary investigation. Id. at 33.

9 Light-Walled Rectangular Pipes and Tubes from Argentina and Taiwan, Invs. Nos. 731-TA-409-410 (Preliminary), USITC Pub. 2098 (1988). Five commissioners found that the industry was not experiencing material injury. The commissioner using the "but-for" approach was the only commissioner who found the industry to be materially injured.

10 Id. at 9.

same result as the so-called traditional approach. This exception occurs where an industry is "unprofitable and shrinking."[11] In the final investigation now before us, the domestic industry is at most only marginally profitable following a period of poor performance. Further, the industry's production capacity and employment are shrinking. The use of a "but-for" analysis to justify any of the three negative votes in this case will suggest that this case falls within the above exception.

My third area of concern is the rigidity of the "but-for" approach by reason of its virtually monistic reliance on price elasticities. The CADIC model, a Lotus spreadsheet designed by staff in the Commission's Office of Economics,[12] uses price elasticity numbers to generate estimates of the import volume and price effects of dumping. As I understand it, the CADIC spreadsheet is designed to generate numerous price elasticity numbers not provided by the user, provided at least one elasticity number is known.[13] The value of CADIC as an analytical tool depends, of course, on the quality of the input. Any problems inherent in the

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11 See Digital Readout Systems, Views of Chairman Liebeler, Vice Chairman Brunsdale and Commissioner Cass at 21, n. 37.

12 Persons wishing to obtain a copy of the CADIC spreadsheet should contact Richard Boltuck of the Office of Economics, telephone (202) 252-1232.

13 See Memorandum EC-L-159 to Commissioner Cass from Director, Office of Economics, at 3.

elasticities fed into the CADIC model--such as inapplicability of the elasticity to the product at issue or a lack of correspondence between the underlying presumptions and the actual market behavior of the industry--will percolate through the results where the model is generating elasticity numbers derived from others.

It has been argued that there is still room for human judgment in evaluating the results of the CADIC model. While that may be true, there is very little room for discretion within the model itself, as the generation of the output is left to a machine. Further, while an operator can introduce elasticities from outside sources into the model,[14] the underlying mathematical relationships between the extraneous elasticity and those derived by the template will not be the same, since they will likely be based on different underlying assumptions. Thus, leaving an important part of the Commission's injury determinations to a machine will not only make for imprecise results, it will reduce commissioners' discretion by removing much of the data on which they are relying from their direct control or observation.

Finally, I should note that I have placed no reliance on the elasticity numbers provided by the staff in this case. In my view,

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[14] Unless instructed otherwise, CADIC will calculate a number of price elasticities. For any of these, the operator can override this automatic process by typing in the number of his choice.

the methodology used to calculate the own-price elasticity of demand was based on inaccurate perceptions of the percentage of copper consumed by the brass sheet and strip industry. I am also concerned that that elasticity was derived in large part from information concerning a product other than the one under investigation, about which we apparently have conflicting information.[15] Given these problems with this particular elasticity, I have also decided not to place reliance on the output of the CADIC template in arriving at my determination.

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15 Staff Briefing and Vote, July 26, 1988.

SEPARATE VIEWS OF COMMISSIONER DAVID B. ROHR

BRASS SHEET AND STRIP FROM JAPAN AND THE NETHERLANDS Inv. Nos. 731-TA-397 and 380

I set forth these additional views because I determine that this industry is threatened with material injury but is not currently experiencing material injury. I also determine, under section 735(b)(4) of the Tariff Act of 1930, as amended, that I would have found material injury by reason of the imports of the merchandise with respect to which the administering authority has made an affirmative determination under subsection (a) but for the suspension of liquidation of entries of the merchandise.

I concur in the views of my colleagues, Commissioners Eckes and Lodwick about the proper definition of the like product and industry in this investigation. Further, I concur generally in the description of the condition of the industry contained in the majority views. I disagree with Commissioners Eckes and Lodwick's ultimate conclusion with respect to present material injury only because I cannot conclude, from my assessment of the condition of the domestic industry, that it is currently experiencing "material injury." [1]

Evaluation of the Condition of the Brass Sheet and Strip Industry

In evaluating the condition of this industry, I am mindful that the Commission evaluates each investigation on its own merits. However, I am also mindful of the benefits of explaining the reasons for a change from prior decisions that I have made about this industry. In prior investigations of this industry, I concluded that the industry was materially injured and that imports were a cause of that injury. In this investigation I continue to conclude that the imports under investigation are a cause of the condition of the domestic industry. I cannot, however, based on the facts of this investigation, conclude that it is proper to characterize the condition of the domestic industry as one currently experiencing "material injury."

First, looking at the production related indicators, I note that there are significant improvements in virtually all key measures of the industry's performance. Production, shipments, and market share, in particular, are above even the levels of 1984, which the industry acknowledges as a particularly good year. Inventories are slightly above 1984 levels, but not significantly.[2]

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[1] That is, harm that is not inconsequential, immaterial, or unimportant. Section 771(7)(A).

[2] Inventory turnover, defined as the inventory to shipments ratio expressed as months was .79 in 1984. increased to .91 months in 1985, increased further to 1.02 months in 1986, and then dropped to .91 months in 1987. I find the magnitude of this change to be inconsequential.

Capacity itself is down.[3] This might be a negative sign, except when evaluated in the overall context of an industry that is mature, cyclical and in the process of a gentle longterm secular decline.[4] Declines in capacity are not unreasonable in such a situation. The production indicators do not, in my view, lead to a characterization of the industry as one experiencing material injury.

Turning to employment indicators, again I note there is substantial improvement in the indicators from those found to exist in our previous investigations. Nonetheless, in my view they remain depressed. While the number of employees and hours worked have improved somewhat from the very depressed 1985 levels, they are very substantially below 1984 levels. On the other hand, 1987 hourly compensation is above the 1984 level while below the 1986 level. Both unit labor costs and productivity have fluctuated upwardly. While the employment figures overall are not inconsistent with the notion that this industry is experiencing a secular decline, they are somewhat greater than I would expect and I conclude that they are indicative of some injury.[5]

The third set of indicators of the performance of the domestic industry are the financial indicators.[6] Net sales increased over the 4 years for which we have data, and substantially increased over 1985. I note, however, that when net sales declined between 1984 and 1985 profit margins dropped precipitously, while they again declined from 1985 to 1986 when the profitability recovered.[7] There were also substantial increases in the cost of goods sold in 1987, while the general selling and administrative expense margin increased substantially in 1985 and remained relatively steady since then. Capital investment and R&D expenses were considerably lower in 1985 and 1987 than they were in 1984 and 1986.

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[3] Capacity figures are less probative than otherwise in this investigation because of the ease with which capacity can be switched between the product under investigation and other products produced at the same facilities.

[4] In referring to "secular decline," I am referring to the fact there is a long term trend away from the use of brass sheet and strip in some of the major traditional end uses of brass. An example is in the move to the use of aluminum rather than brass in automobile engine radiators.

[5] I do not believe it appropriate to try to quantify this conclusion.

[6] One company incurred substantial start up expenses with a new plant in 1986. The company was, however, unable to separately account for these start up expenses, which significantly alter the profitability picture of the industry. Normally, the Commission's financial data would not include such items as start up expenses in calculating the operating profit of an industry. It is not fair in my opinion to include such start up costs in evaluating the operating performance of the industry. I have decided therefore to exclude the financial data of this company from the overall picture of the industry's financial performance.

[7] The improvement in net sales from 1986 to 1987, however, was greater than either of the two previous changes.

Operating profit margins, the ratio of operating profits to net sales, are traditionally a very important measure of the profitability of industries. Because of past cases, I note that the Commission has data regarding the profit margins for this industry dating back to 1983.[8] For the periods for which we have gathered data in this investigation, the profit margins fluctuated from 5.6%, 0.8%, 3.0% and 3.3%.[9] Another measure of profitability is return on assets.[10] Beginning in 1984, the first period for which reliable data exists this ratio fluctuated from 12.7%, to 1.46%, to 5.4%, to 7.1%.

The decision to be made about these financial indicators is whether they are indicative of material injury. Profitability is substantially below that of 1984, a particularly good year for the industry. On the other hand, profitability has substantially improved over 1985, which was a very bad year for the industry. Operating margins are fairly consistent for 1983, 1986 and 1987. While investment has fluctuated considerably from year to year, gross assets increased over the period. A further element to be evaluated is the level of profitability to be expected of a mature industry facing an overall decline in the use of many of its products. Putting these factors together, I conclude that, while the industry is not very profitable, the financial indicators are not characteristic of an industry experiencing material injury.

The question then is what picture of industry performance does one derive taking into account all indicators, production, employment, and financial. It is unlikely, for example that this industry will do extremely well except in the kind of unusual circumstances that characterized 1984. It does seem likely that it could be easily pushed into the very poor operations that characterized 1985. I certainly conclude that the domestic industry is extremely vulnerable to material injury. Overall, however, I cannot conclude that it is currently experiencing material injury. I therefore make a negative finding on present material injury.

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[8] Some of this data is confidential. I note that the margin is of such a range that I conclude the 1986 and 1987 data reflect normal operating profits for this industry.

[9] The profitability of the industry is also slightly understated because of the problem of a substantial number of intracompany shipments which were valued by different companies in different ways and included in net sales. To the extent that they were valued at cost rather than market such sales reduce the appearance of profitability of the industry while masking its true operating performance.

[10] There are many ways to calculate a return on assets. Generally, such returns are calculated using some measure of income over some measure of asset value. One method would be to calculate the ratio of net income to the book value of total assets. This would be less appropriate for the Commission to use because it would include in the performance of the industry the manner in which companies' financial managers handled their overall assets rather than just the operations producing the product at question. I generally look therefore to the ratio of operating income to original cost of assets in order to eliminate the effects of the handling of financial assets and factors such as the different depreciation policies of companies.

THREAT

My evaluation of whether the brass sheet and strip industry is threatened with material injury begins with an examination of the statutory factors listed in section 771(7)(F). As I have explained in prior opinions, I view these factors as dealing with the question of whether foreign industries have the intent and capability of increasing their imports at price depressing or suppressing levels within a reasonably imminent time frame. Then, taking into consideration the vulnerability of the domestic industry, I determine whether the effects of the imports are likely to cause the performance of the industry to fall to levels that would be properly characterized as material injury.[11]

The first statutory factor, the nature of the subsidy, is obviously not relevant as this is an antidumping investigation.

The second factor is any increase in capacity available for production of the goods at issue. As with domestic capacity, foreign capacity figures in this investigation are not particularly probative on actual limits on production due to the ease with which capacity can be shifted between use for the particular type of

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[11] I note that our reviewing court in Asociacion Colombiana de Exportadores de Flores, et al. v. United States, Slip Op. 88-91 (Restani, J) (July 14, 1988) indicated some concern about how the Commission deals with cumulation in the context of its threat analysis. I have previously indicated that I do not feel that cumulation, at least cumulation in the formal sense it is used by the Commission in the evaluation of causation in a present injury analysis, is proper in the context of threat. What I mean by this is, for example, that I cannot logically impute the capability of one country to increase its exports to the United States with the intentions (by which, in this context I mean likelihood) of a second country to do so.

For example, Section 771(7)(F)(i)(I) requires a different evaluation of export and domestic subsidies. This is logical because export subsidies, being dependent upon export performance create a greater incentive to export than would domestic subsidies. It would not be fair, in my view, to attribute the additional adverse consequences of having been found to be benefitting from export subsidies to one country who may only have domestic subsidies when some other country is found to be granting such export subsidies.

Having said this, I also recognize that situations may arise in which each of two countries might have potential impacts on the domestic industry which do not individually threaten the industry, but which when they occur simultaneously, do have such a sufficiently large injurious impact. This is not formal cumulation because I do not try to cumulate the individual components of the statutory threat factors. I am making an individual assessment of the potential impact of each country and only then considering joint impacts. It would be unrealistic not to conclude in a situation in which there are such joint impacts that the domestic industry is not threatened with material injury. Nothing in the statute precludes me from such a conclusion. It is perfectly consistent with the logic of the statutory consideration of threat. This is what I have done in the past and will continue to do.

brass sheet and strip here under investigation and other brass sheet and strip.[12] Capacity increased steadily in Japan at a moderate rate, about 6% for the total period between 1984 and 1987. While a very moderate increase, it is also clear that given the overall declines in Japanese home market sales, this increase must be devoted to exports, either to the United States or other foreign countries. Dutch capacity remained stable until 1987 in which year it increased by a small amount. Unlike the Japanese situation, Dutch home market sales did steadily increase.

The third factor involves market penetration and two considerations, rapid increases and the likelihood that penetration will increase to an injurious level. I cannot characterize the increase in market penetration of either country as rapid. Japanese import penetration did increase steadily from 1984 to 1986 before falling slightly in 1987 and considerably in the interim period. Dutch import penetration rose from 1984 to 1985 before falling slightly in 1986 and even more slightly in 1987. I also note, however, that 1987 figures may have been affected by the suspension of liquidation and preliminary duties that went into effect in September of 1987.

The fourth factor relates to price suppression or depression. First, I note that domestic prices rose substantially in 1987, despite the presence of the imports under investigation. This increase is misleading however. The prices include the raw metals price, which is essentially a pass through on the selling price. While difficult to gauge, it seems possible that the fabrication price, that is the price charged for fabricating the brass sheet and strip from the basic brass did not increase or may actually have decreased in 1987.[13] The data also shows a consistent pattern of underselling by the Japanese. The data for the Dutch is mixed, showing consistent underselling for some products and consistent overselling for others.

The fifth factor is inventories. Inventories do not appear to be a significant factor in the marketing of this product.

The sixth factor is the presence of underutilized capacity in the foreign industries. The evaluation of this factor is affected by the same caveats about product mix noted above. There appears to be substantial and increasing underutilization by the Japanese industry, while the Dutch industry is operating at extremely high capacity utilization rates.[14]

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[12] I do not make this point in relation to the statutorily enumerated factor of product shifting, which is a different question altogether. I am simply pointing out a factor which lessens my confidence in the capacity numbers, be they for the domestic industry or the foreign industry.

[13] The evidence which indicates this is that the gross profit margin actually narrowed in 1987. While this includes elements other than raw materials, questionnaire data shows that these other elements of cost declined between 1986 and 1987.

[14] The Dutch company in this investigation is a subsidiary of a Swedish company and Swedish exports to the United States are covered by a recently issued dumping duty. While counsel denied any product shifting, that is not the point. There is no evidence that the company does not possess the capability of servicing customers

(continued...)

Evaluating all the evidence together, I conclude that the Japanese industry could easily send substantially greater quantities of imports to the United States at prices that would have a significant price depressing or suppressing effect. I further conclude that the Dutch industry could also send additional quantities of brass sheet and strip to the United States, although in much smaller quantities than the Japanese. Such imports will have some, though smaller price depressive or suppressive effects than the Japanese products.

Finally, I must evaluate whether the projected effect of these imports is likely to be injurious, that is lead to conditions in the domestic industry that would properly be characterized as material injury. I note that the condition of the domestic industry is extremely vulnerable to material injury. In the context of that condition, I conclude that the projected impact of Japanese imports could easily push the domestic industry over the line into material injury. Standing alone, the projected impact of the Dutch imports might not have such an effect. The small increase and the small price effects might not push even the vulnerable industry across the line. This is, admittedly, a close question.

However, I do not believe that it is proper to consider the Dutch "threat" in isolation from the Japanese "threat." Exercising my discretion, I choose to look at the effects additively. The effects of additional low priced Dutch imports will combine with the effects of additional low priced Japanese imports. Given what I believe to be the current Congressional understanding of the principles underlying cumulative analysis, I do not believe that the marginality of the Dutch imports is a proper consideration.[15] I am therefore making an affirmative threat finding as to both countries.

But For

The trade laws make one reference to a "but for" analysis. This is in the context of threat and provides that, when making a threat determination, I must determine what would have happened "but for" the suspension of liquidation of entries of merchandise from the countries subject to investigation.[16] This case is somewhat unusual in that the suspension of liquidation occurred almost 9 months ago and affects both our interim data and more significantly our data for 1987 in which fully a quarter of the year is subject to the effects of the suspension.

In analyzing this question, I again refer to the extremely vulnerable position of the domestic industry. It would not have taken very much to push them into a condition that I would describe a materially injured. I noted above that Japanese import penetration as well as Dutch import penetration declined in 1987. Further, I

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[14](...continued)
from either facility. This would free additional production from the Dutch company for export to the United States.

[15] I do note that the trade bill currently pending reflects some changes in these principles with regard to small volumes of imports. This is not yet law.

[16] Parenthetically, I note that the existence of this provision demonstrates that Congress understood the "but for" concept and that had they meant to use it in the context of the analysis of present material injury, they would have done so.

believe that it is questionable that the domestic industry's performance would have been near as good as it was had not the industry picked up the full amount of the increase in sales from the decline in imports from other countries whose sales were affected by recent countervailing duty and antidumping duties. In this context, I believe that the change in volumes would have been sufficient to push the domestic industry over the line into material injury. I conclude that material injury would have occurred but for the suspension of liquidation.

Elasticity

I believe that a final word is necessary with respect to the elasticity estimates which were produced by the Commission in this case. I did not rely on such estimates at all in making my determination because I concluded they were not based on reliable information. In particular, the demand elasticity estimates for brass sheet and strip deserve special note. The price elasticity of demand was estimated in this case through an innovative practice of reverse derivation from the price elasticity for refined copper. Needless to say, this investigation involved a particular product, a type of brass sheet and strip which is a subset of all brass sheet and strip, which is a subset of all brass products, which is one subset of the uses of refined copper.

Refined copper was not under investigation. The Commission did not collect any information about refined copper. No information about refined copper was subjected to the rigorous scrutiny of our own investigation or by the parties. Nevertheless, such information was essential to the method used to derive the elasticities.

The derivation of the elasticity for brass sheet and strip rested on the conclusion that there is a very low elasticity for copper wire (of the kind used in housing because building codes require the use of copper in such applications) which accounted for 70% of the use of refined copper; that 2% was used in miscellaneous residual uses (which is insignificant in terms of the formula); and that the remaining 28%, which was assigned to the brass sheet and strip here under investigation, must, by operation of the formula, have a high elasticity.

Now, there is generally available information from a variety of sources, including government sources, in which I include the Commission's own investigation of unwrought copper in 1984,[17] which indicates that 70% of refined copper goes to a class of industry called "wire rod producers" and 28% goes to "brass producers."[18] These same sources, however, also indicate that only approximately 25% of the refined copper consumed in this country is used in electrical and electronic applications. This is the category of use that includes all types of wire including

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[17] *See* Unwrought Copper, Report to the President on Investigation No. TA-201-52 Under section 201 of the Trade Act of 1974, USITC Pub. No. 1549, at A-16. This same information appears to be generally accurate for more recent time periods based on information from the Copper Development Association and the Commission's own commodity experts.

[18] This is obviously a simplified breakdown of consumption made for illustrative purposes. For example, if we have only wire rod producers producing wire, and brass firms producing brass products, who makes copper pipe? Who makes the other products made of pure copper?

both housing wiring and telecommunication type copper wire (which accounts for roughly 8% of total consumption or roughly a third of the approximately 25% used in electrical and electronic applications).

These figures suggest that, at the very least, the market for refined copper is extremely complicated. Even if the relative volumes were correct, is it proper to assume a low elasticity for the entire 70% of copper used by wire producers when the factors leading to the assumption of a low elasticity affect only one portion of the eventual use of such wire, that is, in the building market affected by building code considerations? Even if one excludes the possibility that the 70% figure excludes other semifinished uses of refined copper and applies only to wire, we know that some percentage of wire is used in such applications such as power transmission and telecommunications in which there is considerable substitution for other materials such as aluminum wire (on which we have an ongoing investigation) and fiber optics.

The same considerations affect the 28% of copper assigned by the formula to the product under investigation. Even if, based upon the data in this investigation it appears that upwards of 90% of all brass sheet and strip is accounted for by the product subject to this investigation, we know, for the Commission has undertaken investigations of other brass products in the past, that there are brass products other than brass sheet and strip. What we do not know, because it was not subject to investigation, is what percentage of all brass products is accounted for by brass sheet and strip. There is no basis therefore for assuming that all of the 28% of copper used in brass goes to the products subject to this investigation.

Simplifying assumptions, such as those used to create the elasticities in this investigation, may be acceptable for academic exercises, but they are hardly appropriate for use in a legal proceeding such as an investigation before this Commission.

DISSENTING VIEWS OF ACTING CHAIRMAN ANNE E. BRUNSDALE AND COMMISSIONER SUSAN LIEBELER

Certain Brass Sheet and Strip From Japan and The Netherlands

Inv. Nos. 731-TA-379 and 380

July 29, 1988

Based on the record in these investigations, we find that the domestic brass sheet and strip industry is not materially injured or threatened with material injury by reason of dumped imports from Japan and The Netherlands. We concur with Commissioners Eckes and Lodwick's definitions of like product and the domestic industry and their views on cumulation. Our views on the condition of the domestic industry, causation, and the threat of material injury are set out below.

Condition of the Domestic Industry

The Commission's consideration of the domestic industry's condition generally focuses on operating and financial data.1/ In this case, we interpret these data differently from our colleagues and conclude that the current condition of the domestic industry is strong.

1/ Specifically, the Commission looks at production data (production, capacity, capacity utilization, shipments, and inventories), employment data (number of production workers, hours worked, compensation, and productivity), and financial data (net sales, cost of goods sold, operating income, and return on assets). See 19 U.S.C. 1677(7)(C)(iii).

Looking at production data first, domestic production of the brass sheet and strip under investigation increased from 456 million pounds in 1984 to 462 million pounds in 1987.2/ Over the same period, capacity fell from 617 million pounds to 543 million pounds,3/ and, largely as a result, capacity utilization rose from 74 percent to 85 percent.4/ Domestic shipments also increased, rising from $319 million to $350 million 5/ and from 456 million pounds to 471 million

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2/ See Report at a-16 (Table 3). Production declined from 456 million pounds in 1984 to 382 million pounds in 1985, then recovered to 405 million pounds in 1986 and surpassed the 1984 level in 1987 by increasing to 462 million pounds. Id. This upward trend continued in 1988, when first quarter production hit 120 million pounds, up from 118 million pounds in the first quarter of 1987. Id.

3/ Commission staff urged caution in interpreting the capacity figures in this investigation, because changes in capacity could result from changes in the product mix between brass sheet and strip and other products manufactured on the same equipment, such as copper sheet and strip, as well as actual dismantling of production equipment. See Report at a-15. Domestic producers did indicate at the Commission hearing, however, that they have "eliminated obsolete equipment and plants" over the period of investigation. See Transcript at 18. Thus, although it appears that domestic producers took steps during the course of the investigation to streamline production and reduce outmoded capacity, we will not draw that conclusion here.

4/ See Report at a-16 (Table 3). An 85 percent capacity utilization rate indicates to us that this industry is currently operating in a very healthy position.

5/ See Report at a-17 (Table 4). This upward trend continued in 1988. The value of first quarter 1988 shipments stood at $110 million, compared with $83 million in the first quarter of 1987. Id. These 1987 figures are especially noteworthy, because the domestic industry indicated that 1984 was an exceptionally good year. See Report at a-15. Almost all 1987 indicators exceed those achieved in 1984, which parties characterized as an "exceptionally good" year.

pounds.6/ Finally, inventories remained at a steady and low level throughout the period of investigation.7/ Thus, the majority of the production indicators show that the domestic industry is not currently experiencing material injury.

Turning to employment data, the number of workers producing C20000-series brass sheet and strip declined sharply in 1984-85 and then remained relatively stable.8/ Total compensation fell by 5 percent over the same period.9/ However, the hourly wage paid to these workers increased by 7 percent between 1984 and 1987,10/ and the output per worker increased by over 17 percent.11/

The financial information available on this industry also suggests an absence of material injury. Net sales increased from $344 million in 1984 to $352 million in

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6/ Id. The volume increased in the interim period as well, rising from 121 million pounds in the first quarter of 1987 to 125 million pounds in the first quarter of 1938. Id.

7/ Id. at a-18. Inventories stood at 30 million pounds in 1984, equivalent to 6.6 percent of domestic shipments. Inventories were slightly higher in 1987, at 36 million pounds, equivalent to 7.6 percent of domestic shipments. Id.

8/ See Report at a-19 (Table 5). In 1984, there were 1,745 workers. This figure dropped to 1,435 workers in 1985, then rose slightly to 1,472 workers in 1986 and 1,481 workers in 1987. Id.

9/ See Report at a-19 (Table 5). Total compensation dropped from $57 million in 1984 to $54 million in 1987.

10/ Id. The hourly wage increased from $11.77 in 1984 to $12.64 in 1987.

11/ Id. Output per worker jumped from 122.3 pounds per hour in 1984 to 143.3 pounds per hour in 1987.

1987,12/ and from $84 million in the first quarter of 1987 to $110 million in the comparable period of 1988.13/ Operating income was positive throughout the period, with the exception of 1986 **********-**********.14/ Operating income improved throughout 1987 and the first quarter of 1988, rising to $7 million in 1987, and increasing from $1.3 million in the first quarter of 1988 to $2.2 million in the first quarter of 1988.15/

Consideration of the above factors leads us to conclude that the industry is not materially injured. Production indicators are up, the industry has become more efficient, workers' pay increased, net sales are up, and operating income is positive and rising. Because we believe that it is important for the Commission to consider both the health of the domestic industry and the effect of imports on the domestic industry, we now move to consideration of the effect of unfair imports on the domestic brass sheet and strip industry.

12/ See Report at a-24 (Table 8).

13/ Id.

14/ Id.

15/ Id.

Material Injury Caused by Dumped Imports

Our analysis of causation is different from that of our colleagues who rely primarily on trend analysis. Although we do use trend analysis to examine the condition of the domestic industry, as in this case, we find that trend analysis does not allow us to separate the effect of dumped imports from the many other factors that affect the domestic industry. We therefore generally draw on elementary, well-accepted tools of economics to help us assess the market for the product in question, the ability of domestic producers to respond to changes in market conditions, and the effects of the dumped imports on domestic producers.16/

Import Volumes, Market Penetration, and the Dumping Margin

The first step in this analysis is to consider the absolute level of unfair imports in the domestic market, their market

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16/ A more thorough discussion of the use of elasticities is contained in Internal Combustion Forklift Trucks from Japan, Inv. No. 731-TA-377 (Final), USITC Pub. 2082, at 66-83 (May 1988) (Additional Views of Vice Chairman Anne E. Brunsdale) [hereinafter cited as Forklift Trucks]; see also Color Picture Tubes from Canada, Japan, the Republic of Korea, and Singapore, Inv. Nos. 731-TA-367-370 (Final), USITC Pub. 2046, at 23-32 (December 1987) (Additional Views of Vice Chairman Anne E. Brunsdale) [hereinafter cited as Color Picture Tubes]; Cold-Rolled Carbon Steel Plates and Sheets from Argentina, Inv. No. 731-TA-175 (Final) (Second Remand), USITC Pub. 2089, at 31-51 (June 1988) (Additional Views of Vice Chairman Anne E. Brunsdale). The Court of International Trade has also discussed with approval the use of elasticities. See Copperweld Corp. v. United States, No. 86-03-00338, slip op. 88-23, at 45-48 (CIT Feb. 24, 1988); USX Corp. v. United States, 12 CIT ____, slip op. 88-30, at 19 (March 15, 1988); Alberta Pork Producers' Marketing Board v. United States, 11 CIT ____, 669 F.Supp. 445, 461-65 (1987).

penetration, and the margin of dumping as measured by Commerce. In the 1984-87 period, dumped brass sheet and strip imports increased by only 5 percent when measured by quantity17/ and by 8 percent when measured by value.18/ Over the same period, the market share of those imports increased from 5.2 percent to 6.2 percent of U.S. consumption when measured by quantity,19/ and from 7.2 percent to 8.6 percent when measured by value.20/ These shares not only are not

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17/ See Report at a-35 (Table 15). Japanese and Dutch imports totaled 34 million pounds in 1984, 35 million pounds in 1985, 38 million pounds in 1986, and 35 million pounds in 1987. Id. Of this overall figure, the Japanese producers supplied 18 million pounds in 1984, 19 million pounds in 1985, 23 million pounds in 1986, and 20 million pounds in 1987. The Dutch supplied 16 million pounds in 1984, 15 million pounds in 1985, 15 million pounds in 1986, and 15 million pounds in 1987. Id.

18/ Id. at a-34 (Table 14). The value of unfair imports was $36 million in 1984, $37 million in 1985, $38 million in 1986, and $39 million in 1987. The Japanese portion of that amount was $19 million in 1984, $20 million in 1985, $22 million in 1986, and $21 million in 1987. The Dutch portion amounted to $14 million in 1984, $17 million in 1985, $16 million in 1986, and $18 million in 1987. Id.

19/ Id. at a-35 (Table 15). The combined market share was 5.2 percent in 1984, 6.6 percent in 1985, 7.1 percent in 1986, and 6.2 percent in 1987. Of that, the Japanese market share was 2.8 percent in 1984, 3.7 percent in 1985, 4.3 percent in 1986, and 3.5 percent in 1987. The Dutch market share was 2.4 percent in 1984, 3.0 percent in 1985, 2.8 percent in 1986, and 2.7 percent in 1987. Id.

20/ Id. The combined market share was 7.2 percent in 1984, 8.8 percent in 1985, 9.5 percent in 1986, and 8.6 percent in 1987. Of that, the Japanese market share was 3.7 percent in 1984, 4.7 percent in 1985, 5.5 percent in 1986, and 4.7 percent in 1987. The Dutch market share was 3.5 percent in 1984, 4.1 percent in 1985, 4.0 percent in 1986, and 3.9 percent in 1987. Id.

extremely high, but did not increase at the expense of the domestic industry.21/

As for the margins of dumping, they range from moderate to moderately high levels. The dumping margin for the Dutch producer is 16.99 percent; the margins for the Japanese producers range from 13.3 percent to 57.98 percent.22/

The Market for Brass Sheet and Strip in This Case

Demand for Brass Sheet and Strip in the United States. To understand fully the effects of unfair imports on the domestic industry and domestic prices, the Commission needs to make a judgment on the responsiveness of domestic demand for the product under investigation.23/ If demand for a particular product is elastic, consumers will spend more on the product as its price falls.24/ In this situation, the effect of dumped imports on the domestic industry is

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21/ See id. U.S. market share by volume was 71.3 percent in 1984, 72.4 percent in 1985, 75.1 percent in 1986, and 82.6 percent in 1987. By value, U.S. market share was 64.0 percent in 1984, 65.5 percent in 1985, 68.4 percent in 1986, and 77.2 percent in 1987. Id.

22/ See Final Determination of Sales at Less Than Fair Value: Brass Sheet and Strip from the Netherlands, 53 Fed. Reg. 23,431 (ITA June 22, 1988); Final Determination of Sales at Less Than Fair Value: Brass Sheet and Strip from Japan, 53 Fed. Reg. 23,296 (ITA June 21, 1988).

23/ See Forklift Trucks, supra note 16, at 77.

24/ In other words, each 1 percent decrease in price leads to a greater than 1 percent increase in demand.

mitigated, since additional sales of dumped imports come primarily from market expansion, not from capturing sales formerly made by the domestic producers. Conversely, if demand is inelastic, the effect of dumped imports is likely to be greater, because additional sales of the lower-priced dumped imports are more likely to take sales away from domestic producers.

Brass sheet and strip is an intermediate product used in a wide variety of end products.25/ These end products are used in a number of different industries, including the auto industry, other transportation industries, electrical and electronic products, building products, ordnance, government coinage, and stamped products.26/ In each of these segments, there are a number of substitutes for brass. For example, in the auto industry, everything from aluminum, copper, and phosphor bronze, to plastics and fiber optics can serve as substitutes for brass.27/ In electrical and electronic products, aluminum, copper and copper alloys, and fiber optics substitute for brass.28/ In the stamped products group, noncorrosive metals such as aluminum and stainless

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25/ See Memorandum from the Director, Office of Economics, Memorandum EC-L-238, at 14 (July 22, 1988).

26/ See Report at a-12 (Figure 1).

27/ See Memorandum EC-L-238, supra note 25, at 14-15. Each of these substitutes is obviously better suited to specific uses within this segment.

28/ Id. at 15.

steel can be used in place of bronze.29/ In the building products industry, steel, plated steel, stainless steel, aluminum, plastics, porcelain, and wood all could replace bronze.30/ Finally, in the government coinage area, clad coins and zinc are alternatives for bronze.31/

Using an innovative methodology to supplement its usual informed judgment, Commission staff found the demand for brass to be moderately elastic.32/ Petitioners disagree,

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29/ Id.

30/ Id.

31/ Id. One area where there do not appear to be acceptable substitutes for brass is in the ordnance (ammunition) industry. Id.

32/ See id. at 16. Staff argue that, in the short range, demand is inelastic until consumers are able to re-design their products to incorporate materials other than brass and until present contracts expire. Id.

The initiative of staff in applying publicly available data on prices, consumption levels, and the technology used in the manufacture of brass to place empirically derived bounds on the price sensitivity of demand was extremely helpful to our consideration of this case. A key advantage of supplementing informed judgment with an explicit methodology is that the latter approach affords users an opportunity to evaluate exactly what was done. In the present case, copper and zinc price data from the period of investigation can be used to sharpen the estimate of the cost share of copper in brass production. Based on these data, the cost share of copper in brass production is approximately 42 percent, rather than 36.4 percent. This modification leads to slightly revised bounds for the brass demand elasticity (-1.4 to -2.9). This adjustment to the figures provided by staff has no effect on our conclusion that demand for brass is moderately elastic or on our analysis of the record in this case.

The ample opportunity of parties to comment on this staff work further enhanced the quality of the record available to the Commission by focusing the discussion of disagreements among the parties.

arguing that demand is inelastic because brass is an intermediate good, because some producers have already left the market, because substitute products are becoming increasingly expensive, and because shifting production to use alternatives for brass requires major capital investments and must occur slowly.33/ We believe Petitioner's argument has some merit. Therefore, we assume that the elasticity of demand falls closer to the lower half of the range of plausible demand elasticities we have identified based on the work of the Commission staff.34/

Substitutability of the U.S. and the Dutch and Japanese Products. Making a judgment on the substitutability of the domestic and imported products is central to determining whether material injury in a Title VII case is "by reason of" dumped imports.35/ For that reason it is particularly important in each case that the Commission make an explicit statement on the degree to which the domestic and imported

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33/ See Posthearing Brief of Petitioners, Answers to Commission Questions, at 30 (July 6, 1988).

34/ Therefore, the demand elasticity would fall closer to -1.4.

35/ Obviously, the closer the domestic and imported products are as substitutes, the greater the effect that sales of the imported product will have on sales of the domestic product, all other things being equal. For a more explicit discussion of the elasticity of substitution, see Forklift Trucks, supra note 16, at 75-76; Color Picture Tubes, supra note 16, at 25-26.

products are substitutable.36/ In the case before us, we have a great deal of evidence indicating the products are not particularly close substitutes.

While the Japanese and domestic product appear to be much alike physically, there are some indications that the Dutch product is of better quality than the U.S. product.37/ In addition, both the Dutch and Japanese products are sold under different terms and conditions than domestic products. Such differences serve as additional barriers to substitution. First, while the U.S. producers regularly sell brass through toll accounts to purchasers, importers do so rarely.38/ Second, the U.S. producers offer shorter lead times than the importers. According to purchaser testimony, lead times for domestic brass sheet and strip range from 3 to 8 weeks, while those for the Japanese and Dutch product average 12 weeks.39/ Finally, domestic brass sheet and strip producers commonly offer scrap buy-back plans to the consumer, while importers rarely offer this service. Thus,

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36/ See Forklift Trucks, supra note 16, at 75-76.

37/ See Memorandum EC-L-238, supra note 25, at 10-11. The Japanese Respondents did argue that the quality of their product was higher than the domestic product. See Prehearing Brief of Nippon Mining Company, Ltd., at 15 (June 24, 1988). However, purchasers contacted by the Commission indicated that the quality was very similar to the domestic product.

38/ Id. at 11.

39/ Id. at 12.

Staff concludes that the domestic and imported products are only moderately substitutable.40/

Petitioners disagreed with the Commission staff analysis. Petitioners believe that the domestic and imported products are comparable in quality.41/ They note that U.S. lead times are increasing as capacity utilization climbs,42/ and they minimize the importance of differences between the domestic and imported producers with respect to toll sales and scrap buy-back plans.43/

We find Petitioner's arguments unpersuasive on these points. In fact, Petitioner agrees that importers currently do not use toll agreements or scrap buy-back plans as extensively as domestic producers. Moreover, the weight of the evidence in the record does point to some quality differences between the U.S. and the Dutch product. Therefore, we agree with the estimate of Commission staff that the elasticity of substitution is moderate, falling between 1 and 3.44/

40/ Id. at 12.

41/ Posthearing Brief of Petitioners, Answers to Commission Questions, at 28 (July 6, 1988).

42/ Id.

43/ Id.

44/ Respondents from the Netherlands appear to agree with an elasticity of substitution in this case falling between 1 and 3. See Analysis of the Impact of LTFV Imports from Japan and the Netherlands on the U.S. Industry Producing the Domestic Like Product, submitted by Alan L. Madian, at 2 (July 6,

(continued...)

Ability of the Domestic Industry to Respond to Changes in Price. If we are to assess the revenue and price effects of unfair imports on the domestic industry, it is necessary to understand the degree to which domestic producers can expand production of brass sheet and strip in response to changes in price.45/ Knowing the elasticity of domestic supply allows us to make a judgment about this responsiveness with greater clarity and precision.

In this case, capacity utilization in the domestic industry is high, reaching 85 percent in 1987 and 91 percent in the first quarter of 1988.46/ In addition, exports of domestic brass sheet and strip were low throughout the period of investigation and amounted to less than 1 percent of domestic shipments in 1986 and 1987.47/ Thus, U.S. firms cannot expand production to any great extent because they are already operating at a very high rate of capacity utilization, and they cannot shift significant amounts of product from overseas to domestic sales because they export

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44/(...continued)
1988). Respondents from Japan also concurred with this estimate. See Post-hearing Brief of Nippon Mining Company, Ltd., Elasticity Analysis Appendix, at 3 (July 6, 1988).

45/ See Forklift Trucks, supra note 16, at 78-79.

46/ See Report at A-16 (Table 3).

47/ See Report at A-17 (Table 4).

so little. Therefore, the elasticity of domestic supply should be fairly low.

One factor does increase the elasticity of supply. The machinery used by domestic producers to produce brass sheet and strip can also be used to produce copper sheet and strip, and other alloys.48/ Thus, if the price of brass sheet and strip rises, producers are likely to increase production of these items at the expense of other products. This factor makes the elasticity of domestic supply more moderate.

Petitioner argued that domestic supply is inelastic, based on the producers' high capacity utilization and unwillingness to change their product mix.49/ Respondent argued that Commission staff overstated the constraints on supply and, as a result, its estimate of the elasticity of domestic supply is too low. On balance, we believe the elasticity of domestic supply is moderate, falling in the range suggested by the Commission staff of 1 to 5.

Material Injury Caused by Dumped Imports

In a market where domestic supply is moderately elastic and the substitutability of the imported and domestic products is also moderate, dumped imports should not have a significant impact on the quantities produced by the domestic industry or

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48/ See Memorandum EC-L-238, supra note 25, at 4-5.

49/ See Posthearing Brief of Petitioners, Answers to Commission Questions, at 23-24 (July 6, 1988).

on domestic prices. We believe that is the situation in this case.

Because the products are not close substitutes, it is unlikely that the domestic firms would have been able to capture the bulk of the Dutch and Japanese sales even if the imported products had been fairly traded. In addition, the differences between the unfairly traded imports and the domestic product are great enough as to make it unlikely that the price of imports reduced domestic prices by a material amount. Thus, combining the effect of the dumped imports on volume and on prices yields a revenue loss to domestic firms that is not material.

The data presented to the Commission on the moderate volume of imports, the low and steady market share of unfair imports, the moderate to moderately high dumping margins, the moderate elasticity of domestic supply, and the moderate substitutability between the domestic and the imported product, taken together, show that the domestic industry is not suffering material injury by reason of unfair imports in this case. We therefore disagree with our colleagues' determination that the statutory criteria for an affirmative finding are satisfied.

No Threat of Material Injury by Reason of Unfair Imports

In assessing whether unfair imports are threatening a domestic industry with material injury, the Commission must

consider increases in capacity or underutilized capacity in the countries under investigation, rapid increases in market penetration by the unfair imports and the likelihood that this increase will reach an injurious level, the probability that these imports will have a price suppressing or depressing effect on domestic prices, substantial increases in inventories, the potential for product shifting, and any other relevant adverse trends.50/ After analyzing the evidence gathered in this investigation, we conclude that there is no threat of material injury by reason of dumped imports of Japanese and Dutch brass sheet and strip.

In the 1984-87 period, the production capacity of the Japanese producers increased slightly from 499 million pounds to 528 million pounds,51/ and capacity utilization dropped slightly but remained high at 83 percent.52/ Similarly, the capacity of the lone Dutch producer remained almost level at ********** pounds,53/ and capacity utilization declined very slightly from **** percent to **** percent.54/ These

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50/ See 19 U.S.C. 1677(7)(F)(ii).

51/ See Report at a-30 (Table 11). This amounted to an increase of only 6 percent over the period. In addition, the increase occurred in small, steady increments, not rapid bursts.

52/ Id. Capacity utilization in 1984 was 91 percent, dropping to 84 percent in 1985, rising slightly to 85 percent in 1986, and then falling slightly to 83 percent in 1987. Id.

53/ Id. at a-31 (Table 12).

54/ Id.

data indicate very little unused capacity available for additional exports to the United States and no large increases in production capacity in the countries in question.

The market share of imports from Japan and The Netherlands increased over the period, but the increases were not rapid and will not increase, in our opinion, to injurious levels. By value, the combined market share of Dutch and Japanese brass sheet and strip rose from 7.2 percent in 1984 to 8.6 percent in 1987.55/ In addition, the market share of these imports was fairly steady over the period, fluctuating between 7.2 and 9.5 percent.56/ These slight fluctuations indicate relatively stable market penetration by imports that are not rising rapidly and are unlikely to increase to injurious levels. The volume data also support this analysis. By volume, the combined market share of Dutch and Japanese brass sheet and strip rose, from 5.2 percent in 1984 to only 6.2 percent in 1987 57/ and was quite stable over the period, fluctuating between 5.2 and 7.1 percent.58/ Therefore, in this investigation, imports are not rising rapidly and their market share is unlikely to rise to injurious levels.

55/ See Report at a-35 (Table 15).

56/ Id. See supra note 20.

57/ Id.

58/ Id. See supra note 19.

The Commission staff's price comparisons revealed that, in the majority of cases, Dutch and Japanese brass sheet and strip sold at a lower nominal price than the domestic product.59/ Domestic prices have increased over the last year, primarily due to increases in the costs of the metal component of brass.60/ Given the low degree of substitutability between the domestic and imported products,61/ we are not convinced that these imports are capable of having a "price suppressing or depressing effect on domestic prices." However, even if we were to assume that imports had this effect on domestic prices, it would be the only statutory factor to weigh in favor of an affirmative threat finding.

U.S. importers' inventories of the Dutch and Japanese product fell from 1.8 million pounds to 1.2 million pounds during the period of investigation,62/ while inventories held by the Dutch producer in The Netherlands declined from *** ******* pounds in 1985 to ********** pounds in 1987.63/ U.S. producer inventories increased slightly, from 32 million

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59/ See Report at a-50.

60/ See id. at a-42.

61/ See supra notes 35 to 44 and accompanying text.

62/ See Report at a-28 (Table 10).

63/ Id. at a-31 (Table 12). No information on Japanese producers' inventories held in Japan was available to the Commission. See Report at a-31 (Table 11).

pounds in 1984 to 36 million pounds in 1987.64/ Declining inventories of unfair imports and slight increases in domestic inventories do not constitute substantial increases in inventories, as required by the statute. Thus, inventory trends do not indicate that the U.S. brass sheet and strip industry is threatened with material injury.

Finally, the section which requires the Commission to consider product shifting is inapplicable in this case because none of the other products manufactured by foreign brass sheet and strip producers are under investigation or under order in the United States.65/ This requirement of the statute then also points to a negative threat determination. In addition, we found no other adverse trends indicating that the imports under investigation threaten the domestic industry with material injury. Therefore, the weight of the evidence leads us to conclude that the domestic bass sheet and strip industry is not threatened with material injury by reason of unfair imports from Japan and The Netherlands in this case.

64/ See Report at a-18.

65/ See 19 U.S.C. 1677(7)(F)(i)(VIII).

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DISSENTING VIEWS OF COMMISSIONER RONALD A. CASS

Certain Brass Sheet and Strip from
Japan and the Netherlands
Investigations Nos. 731-TA-379
and 731-TA-380 (Final)

I dissent from the Commission's affirmative determination in this investigation. For the reasons set forth below, I do not find that the domestic industry is suffering material injury, or threatened with material injury, by reason of less than fair value ("LTFV") imports from Japan and the Netherlands.

I. DEFINITION OF DOMESTIC LIKE PRODUCT AND INDUSTRY

I have analyzed the question of injury in this case using the domestic like product and industry definitions requested by Petitioners, even though this definition, in my view, inappropriately includes goods that should be treated as two separate like products. The legislative history of the Trade Agreements Act of 1979 indicates that like product definitions should include the articles that are most directly competitive with and most directly affected by the LTFV imports, and should neither include articles that compete significantly less closely with the subject imports nor exclude articles that, although distinguishable, compete very closely with those

imports.1/ The Commission has traditionally attempted to carry out this mandate by examining five aspects of the potentially like products: (1) product characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities and production employees; and (5) customer or producer perceptions.2/ These factors provide information that falls into two categories: information about consumer demand and information about producer supply. As I have indicated in other opinions,3/ I believe that in the usual case the proper test for like products should require substantial coincidence of both supply and demand among domestic products. That is, a domestic like product, in addition to satisfying the requirement that the product competes closely with subject imports, should comprise essentially one market for domestic consumers and be produced by one market for domestic producers.4/

In this investigation, I believe that Respondent Cambridge-Lee, Industries, Inc. ("Cambridge") has presented persuasive evidence that 48" architectural grade Muntz metal ("48 inch Muntz metal") and 48" architectural grade commercial

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1/ S. Rep. 249, 96th Cong., 1st Sess. 90-91 (1979).

2/ See, e.g., Fabric and Expanded Neoprene Laminate from Taiwan, Inv. No. 731-TA-371 (Final), USITC Pub. 2032 (November 1987), at 4 and n. 5.

3/ 3.5" Microdisks and Media Therefor from Japan, Inv. No. 731-TA-389 (Preliminary), USITC Pub. 2076 (April 1988) (Additional Views of Commissioner Cass) at 49.

4/ Id.

bronze ("48 inch commercial bronze") constitute a like product separate from the other forms of brass sheet and strip that are the subject of this investigation. These brass products are used in architectural applications, such as building facades, lobbies, elevators, and doors, where uniformity of the product surface is essential.5/ From the standpoint of the consumer, these products are interchangeable with each other, but not with other brass sheet or strip. Petitioners argued that other types of brass strip produced in narrower widths are acceptable substitutes for 48 inch Muntz metal and 48 inch commercial bronze,6/ but the weight of the evidence in the record suggests otherwise.7/ The record indicates that narrower strip substantially increases the cost of construction and, more importantly, is deemed significantly less desirable from an aesthetic point of view, so much so as to render it unacceptable to most prospective purchasers.8/

An examination of production factors similarly points to the conclusion that 48 inch Muntz metal and 48 inch commercial bronze are a separate like product. Respondent Cambridge has asserted that these products are made with special equipment by

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5/ Pre-Hearing Brief of Cambridge-Lee Industries, Inc. ("Cambridge Prehearing Brief") at 7; Tr. 238.

6/ See Petitioners' Posthearing Brief at 2; Petitioners' Prehearing Brief, Exhibit 1.

7/ USITC Memorandum EC-L-241 (July 25, 1988) from the Office of Economics; Tr. 234-36, 238-39.

8/ Tr. 234-36, 238-39.

only a handful of brass mills around the world, none of which is located in the United States.9/ Petitioners apparently do not contest these claims.

Accordingly, I conclude that 48 inch Muntz metal and 48 inch commercial bronze together comprise a separate like product. Unfortunately, the data compiled by the Commission in this investigation do not permit us separately to assess the effects of the subject imports on the domestic industry producing this product and their effects on the domestic industry producing the other forms of brass strip and sheet that are under investigation. This aggregation of data, however, does not affect my view of the proper disposition of this case; as explained below, even under Petitioners' suggested definition of the like product and domestic industry -- which I will use in the remainder of these Views -- I believe a negative determination is appropriate.

II. ANALYSIS OF MATERIAL INJURY BY REASON OF LTFV IMPORTS

A. Cumulation

As a threshold matter, it is necessary to decide whether the statutory requirements for cumulation have been established in this case. The Commission is required to assess cumulatively the volume and effect of imports from two or more countries of like products subject to investigation if: (1) they compete with the other imported products and the domestic

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9/ Cambridge Prehearing Brief at 6-7.

like product; (2) they are marketed within a reasonably coincidental period; and (3) they are subject to investigation.10/ In my view, the requirements for cumulating imports from Japan and the Netherlands have been met.

In contending that cumulation is inappropriate, Respondents rely primarily on an argument that the imports from Japan and the Netherlands do not compete with each other or with the domestic like product.11/ It is in fact a close question whether the subject imports compete with each other to an extent sufficient to warrant cumulation in this case.

Respondents argue that the imports from Japan and the Netherlands consist of different specialty products -- brass radiator strip in the case of the Netherlands and wider sized brass strip, including 48 inch Muntz metal and 48 inch

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10/ 16 U.S.C. Section 1677(7)(C)(iv); H. Rep. No. 1156, 98th Cong., 2d Sess. 173 (1984).

11/ Cambridge Prehearing Brief at 16-17; Prehearing Brief on Behalf of Metallverken Nederland B.V., Outokumpu Metallverken Inc., and Global Metals Corp. ("Netherlands Respondents") ("Netherlands Respondents' Prehearing Brief") at 14-15; Tr. 151-52; 168; 184-85. Certain Respondents also claim that these imports are distributed through different channels of distribution. Netherlands Respondents' Prehearing Brief at 18; Netherlands Respondents' Posthearing Brief at 6; Tr. 168. However, information concerning distribution channels is significant only insofar as it may be relevant to the question whether the imports in question in fact compete with each other. Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Inv. Nos. 731-TA-391-399 (Preliminary), USITC Pub 2083 (May 1988) (Views of the Commission) at 20. For the reasons stated infra, in this investigation, this information does not outweigh the other evidence indicating that the subject imports from the two countries in fact compete with each other.

commercial bronze, in the case of Japan -- that are supplied for uses not served by domestic producers.12/ Information gathered by the Commission's staff also suggests various differences between the subject imports and domestic products and between subject imports from Japan and those from the Netherlands. There are virtually no toll sales of the subject imports;13/ the metal value component of the price charged for imported brass sheet and strip is established in a way that is different than that used for the domestic product;14/ there is a substantially longer lead time for delivery of the imported product;15/ and scrap buy-back programs generally are not offered in conjunction with sales of the imported product.16/ These differences arguably negate one of the statutory requirements for cumulation.

Petitioners, however, dismiss these apparent differences between the products from the two countries and between those products and the domestic product as relatively insignificant.17/ They also contend that the imported products and

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12/ Cambridge Prehearing Brief at 16-17; Netherlands Respondents' Prehearing Brief at 14-15; Tr. 151-52, 168, 184-85.

13/ Report at a-54.

14/ Id. at a-55-56.

15/ Id. at a-56.

16/ Id. at a-55.

17/ Petitioners' Posthearing Brief at 28-29.

the domestic like product are of comparable quality.18/ Although Petitioners do not specifically deny that there are certain segments of the market in which there is no competition between the subject imports or between those imports and the domestic like product, they assert that there is "head-to-head" competition in "many market segments".19/

In my view, the differences between the imported products and between the imported product and the domestic like product are significant. Still, they are not so great as to support a finding that the subject imports do "not compete with each other and with like products of the domestic industry in the United States market".20/

B. Injury by Reason of LTFV Imports

Title VII of the Tariff Act of 1930, which governs this investigation, prescribes a three-part inquiry for evaluating whether the domestic industry has suffered material injury by reason of LTFV imports.21/ This inquiry compares the condition of the domestic industry to the condition that would have obtained if there had been no LTFV imports. In other

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18/ Id.

19/ See Petitioners' Prehearing Brief at 36-38. See also Tr. 19-20.

20/ 19 U.S.C. Section 1677(7)(C)(iv).

21/ 19 U.S.C. Sections 1677(7)(B), (C).

opinions.22/ I have described these inquiries, and their statutory bases (including the division of specific statutory factors among the parts of this inquiry) in detail, and I will not repeat that exposition here. In brief, however, the essential elements of the inquiry are as follows. The first part of this inquiry compares the volumes and prices of the subject imports with the volumes that would have obtained had the imports not been unfairly traded. The second part asks, in light of the changes in the market for the imported products resulting from LTFV imports, what changes occurred in prices and sales of the domestic like product? The final part of this inquiry asks, given the conclusions reached respecting the nature of the market for the subject imports and the effect of the LTFV imports on domestic industry prices and sales, to what extent has employment in the domestic industry declined or become less remunerative as a result of the LTFV imports, and to what extent have returns on investment in the domestic industry declined as a result of the LTFV imports? Each of these questions is examined below.

1. LTFV Imports

In this investigation, the record suggests that sales of the imported Netherlands product at LTFV caused only a

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22/ See, e.g., Internal Combustion Engine Forklift Trucks from Japan, Inv. No. 731-TA-377 (Final), USITC Pub. 2082 (May 1988) (Additional Views of Commissioner Cass); 3.5" Microdisks and Media Therefor from Japan, Inv. No. 731-TA-389 (Preliminary), USITC Pub. 2076 (April 1988) (Views of Commissioner Cass).

relatively small decline in the price at which the products in question were sold. The effect of LTFV sales on the price at which the Japanese goods were sold is somewhat more difficult to establish, but in any event significantly greater than in the case of the Netherlands. For the purposes of this analysis, I have used the highest possible price effect for the Japanese LTFV goods, although I believe that this somewhat overstates the change in prices consequent to sales at LTFV.

In the case of the Netherlands, the dumping margin calculated by the Department of Commerce is relatively small, although not insignificant. The Department of Commerce has calculated that the average prices charged for the subject products sold in the Netherlands market by Respondent Metallverken Nederland, B.V. and other Netherlands exporters, were 16.99 percent higher than the average prices charged for such products in the U.S. export market.23/ Moreover, in 1987, the Netherlands exporters' sales in their home market accounted for only about [* * *] percent of their combined sales volume in the Netherlands and the United States.24/ Accordingly, it is unlikely that LTFV sales caused the prices charged for the subject products by Netherlands exporters to decline by even one-half of the dumping margin.25/

23/ Report at a-8.

24/ See Report at a-31, Table 11.

25/ The relationship of sales volume in the export market and the home market to the prices of LTFV imports is discussed at

(continued...)

The picture for Japan is somewhat different. The dumping margins calculated by the Department of Commerce for Japanese exporters were relatively high. Commerce determined that the average prices for the subject Japanese products sold in the Japanese market26/ (or the equivalent average prices of subject products) ranged from 13.30 percent to 57.98 percent higher than the average prices charged for such products in the U.S. export market.27/ Commerce also determined that the dumping margin for the products of most of the Japanese producers of the subject products was closer to the higher end of this range than to the lower end; if the dumping margins of the Japanese firms are weighted according to the percentage of all LTFV

25/(...continued)
length in 3.5" Microdisks and Media Therefor from Japan, Inv. No. 731-TA-389 (Preliminary), USITC Pub. 2076 (April 1988) (Views of Commissioner Cass) and in R. Boltuck, Assessing the Effects on the Domestic Industry of Price Dumping (USITC Memorandum, May 10, 1988). These documents were available to the parties to this investigation. The parties indicated familiarity with this analysis and did not object to its application to the LTFV imports at issue in this investigation.

26/ This comparison was actually used by the Department of Commerce only for Respondent Sambo Copper Alloy Co., Ltd. Margins for the other Japanese exporters were based on constructed value information supplied by Petitioners for Nippon Mining Co., Ltd. Report at a-8.

27/ The dumping margins calculated by Commerce for the Japanese producers were as follows:

Nippon Mining Co., Ltd.	57.98%
Sambo Copper Alloy Co., Ltd.	13.30%
Mitsubishi Shindoh Co., Ltd.	57.98%
Kobe Steel, Ltd.	57.98%
All Others	45.72%

Report at a-8.

products sold by each such firm, the average dumping margin for the subject imports would be approximately 46 percent.28/ Moreover, Japanese exporters' sales in their home market in 1987 accounted for a very large percentage of their combined sales in Japan and the United States -- approximately 96 percent.29/ Accordingly, there is a reasonable basis for inferring that the prices at which the Japanese imports were sold in the United States declined significantly by reason of LTFV sales, probably by a substantial amount of the dumping margins of the Japanese producers.30/ For present purposes, I have taken the full amount of the dumping margin to be the amount by which the prices of the subject imports from Japan declined. I have taken this step in part because certain of the dumping margins calculated by the Department of Commerce for the Japanese exporters were based upon constructed value, rather than actual foreign market sales.31/

28/ See note 27, supra.

29/ See Report at a-30, Table 11.

30/ See note 27 supra.

31/ See note 26, supra. This does not mean, however, that I believe that such treatment of margins based upon constructed value is appropriate in every case. Constructed value margins, and other margins not based upon actual foreign market sales, may require elaboration of a more sophisticated means of deriving an inference from the available facts than I have employed in prior investigations. I do not at this point address the issues that such an extension of my analysis would raise, as I do not believe that they affect the disposition of this investigation.

It is unlikely that these changes in the price at which the subject products were sold -- which were relatively small in the case of the Netherlands imports and somewhat larger in the case of Japan -- produced correspondingly significant effects on the volume of these imports. The evidence of record, discussed further in the next section of these Views, suggests that physical characteristics, sales terms and other attributes to some extent distinguish the imported Dutch and Japanese products from the domestic like product and appear to have reduced the volume effect consequent to the sales at LTFV.

2. Domestic Prices and Production

The evidence in the record as a whole indicates that the subject imports did not have more than a relatively small effect on domestic prices and production. The evidence of record indicates, among other things, that the subject imports enjoyed a relatively low share of the relevant market and that the imported products sold in the United States are sufficiently different from the domestically-produced product as to limit their effect on the domestic products' price.

The volume of LTFV imports relative to consumption of the imports and the like product -- the imports' market share -- is one factor that affects the imports' impact on domestic prices. The market share of the imports from Japan and the Netherlands is slight, even when imports from the two countries are cumulated. In 1987, imports from Japan and the Netherlands

together accounted for only about six percent of domestic consumption.32/

Another determinant of the effect of imports on domestic prices, as the Commission has long recognized, is the closeness of the products from the standpoint of consumers. As previously noted, there are significant differences between the domestic and imported products. Although these differences are not sufficient to warrant a determination that cumulation is not appropriate in this case,33/ they have a direct bearing on the extent to which the LTFV sales affected domestic prices and production.

Respondents argued, for example, that their exports to the United States consisted largely of different specialty products used by domestic consumers to whom an adequate, domestically-produced substitute is not available.34/ Petitioners do not specifically deny that there may be certain market segments in which the imported products and the products of the domestic producers do not compete, although they assert that these products compete head-to-head in many market segments.35/

32/ Report at a-35, Table 15.

33/ See discussion, supra, at 60-63.

34/ These products are brass radiator strip in the case of the Netherlands, and wider sized brass strip, including 48 inch Muntz metal and 48 inch commercial bronze, in the case of Japan. Cambridge Prehearing Brief at 16-17; Netherlands Respondents' Prehearing Brief at 14-15; Tr. 151-52, 168, 184-85.

35/ Petitioners' Posthearing Brief at 36-38. See also Tr. 19-20.

In addition to physical differences, there are a number of differences in the sales terms and other attributes of the imported and domestic products. There are virtually no toll sales of the subject imports;36/ by contrast, toll sales account for approximately 35 to 40 percent of all sales by the domestic industry.37/ The metal value component of the price charged for imported brass sheet and strip is established on the date of order;38/ in the case of the domestic product, this is generally done on the date of shipment.39/ There is a substantially longer lead time for delivery of the imported product.40/ Finally, unlike domestic producers, the exporters whose products are under investigation generally do not offer scrap buy-back programs.41/ Petitioners explicitly or implicitly acknowledge that such differences exist, but argue that these differences are less important than might first appear.42/

In my view, the evidence in the record on balance suggests that the imported and domestically-produced products are not as

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36/ Report at a-38.

37/ Id.

38/ Id. at a-38-39.

39/ Id. at a-37.

40/ Id. at a-39.

41/ Id.

42/ Petitioners' Posthearing Brief, Answers to Commissioner Questions at 28-29.

a class more than moderately similar from the vantage of domestic consumers.43/ There are undisputed differences in those products, and Respondents presented persuasive evidence that there are certain uses for which the domestic product and the subject imports are quite imperfectly substitutable, if at all. In that context, it should be emphasized that if 48 inch Muntz metal and 48 inch commercial bronze are included as part of a single domestic like product -- as Petitioners have requested and as I have done for the purposes of this analysis44/ -- it seems plain that the domestic and imported products can not be regarded as more than moderately substitutable for each other. Together with the relatively low volume of the subject imports, this evidence indicates that LTFV imports did not materially affect the prices of the domestic like product.

Other evidence regarding price effects of LTFV imports also supports the conclusion that the subject imports did not materially affect the prices of the domestic like product during the period for which the Department of Commerce determined there were LTFV sales. Petitioners have asserted that the primary effect on the domestic industry of the subject

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43/ The Commission's Office of Economics has reached a similar conclusion, finding that "the elasticity of substitution between the domestic and the Japanese-produced brass and between domestic and the Netherlands-produced brass is most likely in the moderate range, probably falling between 1 and 3". USITC Memorandum EC-L-238 (July 22, 1988) from the Office of Economics at 11.

44/ See discussion, supra, at 60.

sales at LTFV was to suppress domestic prices.45/ Respondents, on the other hand, assert that domestic prices have remained low -- to the extent that they have -- not because of the subject imports, but because of imports from other countries and because of stiff competition among domestic producers.46/ The evidence of record is not unambiguous, but I believe that the evidence generally supports Respondents' contentions on this issue.47/ It appears that underselling of the imported product did not increase significantly, if at all, during the period during which the LTFV sales took place.48/ Further, as previously noted, the evidence indicates that the imported and domestic products are imperfectly substitutable.49/ The finding of modest effects on price is also consistent with staff estimates of the relationship of the prices of the subject imports to domestic like product prices.50/

45/ See Tr. 53. See also Petitioners' Posthearing Brief at 5-10.

46/ Netherlands Respondents' Prehearing Brief at 41-42; Netherlands Respondents' Posthearing Brief at 8-10; Post-Hearing Brief on Behalf of Nippon Mining Co., Ltd. at 7-8.

47/ Tr. 153-56, 159-60; 164; 186-87.

48/ Report at a-51-52, Table 20; a-53, Table 21.

49/ See discussion, supra.

50/ See USITC Memorandum EC-L-238 (July 22, 1988) from the Office of Economics.

Like Vice Chairman Brunsdale (see Dissenting Views of Vice Chairman Brunsdale), I believe that the analysis performed by the Office of Economics in this investigation was both innovative and helpful in my consideration of this case. The

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elasticity analysis was innovative, inter alia, because it used information respecting the elasticity of demand for the product that accounts for a substantial portion of the content of brass -- i.e., copper -- to derive mathematically the elasticity of demand for brass. Given the fixed relation between copper and zinc in the production of brass and the well-established mathematical relation between elasticity figures for outputs and elasticity of fixed inputs, there is no basis for concern over this aspect of the staff's work. It is true that an input elasticity more commonly is derived from output elasticity. However, that does not reflect any difference in the relationship between these figures when used in this manner and when, as the Commission staff did here, used to compute the output elasticity from an input elasticity. Instead, the general use of this formula reflects the usual presence of factual information regarding consumer responses to outputs rather than inputs.

I also understand that, in addition to the evidence of record in this investigation, in computing the elasticity of demand for copper the Office of Economics used publicly available historical data covering a 30 year period (1956-1986). This information plainly is helpful in confirming conclusions reached by the Office of Economics insofar as they show that those conclusions were in line with historical experience. In this regard, it should be noted that the parties to this investigation were given the usual opportunity to comment on the staff's elasticity estimates. None of the parties questioned the methodology that the Office of Economics used to prepare these estimates nor did they suggest that there was any basis to believe that any changes in the use of copper occurred during the period of our investigation that could make historical information less useful. Indeed, the change in demand for copper with respect to changes in the price of that metal has been quite stable over time.

I note that, in computing the brass output elasticity, I would make a slight adjustment to the staff's calculation to more correctly reflect the value-weighted proportions of inputs to brass production rather than quantity-weighted inputs. However, this adjustment would not significantly affect the ultimate elasticity range computed for brass or for brass sheet and strip. Moreover, differences in these numbers become important only insofar as Commissioners rely on precise numerical estimates rather than on general ranges for price elasticity or more qualitative assessments of the manner in which consumers of a product will respond to changes in its price.

3. Impact on Employment and Investment in the Domestic Industry

The final inquiry into the effects of LTFV imports on the domestic industry relates the inferences drawn in the prior inquiries to the information available regarding the returns realized by employees and investors in the domestic industry. The antidumping law specifies a number of factors that can assist the Commission in this inquiry -- such as actual and potential negative effects on employment, actual and potential negative effects on profits, return on investment, cash flow, ability to raise capital, and level of investment.51/

In this investigation, there is no evidence in the record indicating that the relatively small effects on domestic prices and production that resulted from the LTFV sales of the subject imports have had a materially adverse impact on employment and investment in the domestic industry. The domestic industry was significantly more profitable in 1987, when the LTFV sales took place, than it was during the preceding years.52/ These favorable developments continued into the first quarter of 1988.53/ Moreover, the data compiled by the Commission respecting the domestic industry's profitability were distorted because they included substantial losses for one firm,

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51/ 19 U.S.C. Section 1677(7)(C).

52/ Report at a-24, Table 8.

53/ Id.

[* * *], that were incurred as a result of [* * *].54/ If one did not take these losses into account, the industry finarcial data -- which is not negative to begin with -- would appear even more positive, and substantially so.

There is likewise no evidence in the record of an adverse effect on employment consequent to the LTFV imports. Employment of production and related workers in the industry increased slightly in 1987 as did the total compensation paid to such workers.55/

The only evidence in the record suggesting that the domestic industry has been struggling is data indicating that industry capital expenditures and research and development outlays dropped substantially in 1987.56/ However, there is no evidence in the record that ties this development in any persuasive way to the LTFV sales that took place in the first part of that year.

4. Conclusions

The evidence in this investigation indicates that the LTFV sales under investigation produced only a very modest effect on domestic prices and sales, and there is no evidence directly demonstrating that these price and volume effects had any significant adverse effects on employment and investment in the

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54/ Id. at a-23.

55/ Id. at a-19.

56/ Id. at a-25-26.

domestic industry. The lack of concrete evidence of adverse impact on employment and investment, of course, is not dispositive in and of itself because the Commission will rarely, if ever, have such evidence before it. The employment and investment data are nevertheless especially significant in a case such as this one, where the evidence suggests very small effects on prices and sales of the domestic like product. The critical question in such a case is whether these effects translate into material injury to the domestic industry. As I have noted elsewhere,57/ the Tariff Act does not establish, nor has the Commission ever adopted, a litmus test for the materiality of injury by reason of LTFV imports. Where as here imports have a small effect on the domestic industry, it often may be unclear whether the effect suffices to be material within the meaning of the Act or, instead, is de minimis and, hence, immaterial. In such circumstances, Commissioners reasonably may reach disparate conclusions respecting the weight accorded to various statutory factors and the ultimate disposition of the investigation. In making such close judgments, I believe that explicit statutory advertence to the effects of imports on returns on investment, ability to raise capital, employment in the industry, compensation of employees, and so on,58/ suggests that the levels of such indicia of

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57/ Nitrile Rubber from Japan, Inv. No. 731-TA-385 (Final), USITC Pub. 2090 (June 1988) (Additional Views of Commissioner Cass) at 48-49.

58/ See 19 U.S.C. Section 1677(7)(C)(iii).

financial health may play a role even though there is no clear indication that changes in such factors are related to effects of the LTFV imports.59/ In my opinion, thus, the very small effects of LTFV imports on the domestic industry's prices and sales, the lack of evidence that employment and investment in the domestic industry have been adversely affected by the LTFV sales of the subject imports, and the seemingly plain evidence that the domestic industry is quite healthy, lead me to conclude that this is not a case where material injury by reason of LTFV imports can be found.

III. THREAT OF MATERIAL INJURY

I likewise do not believe that there is any basis for a finding that any domestic industry is threatened by reason of LTFV imports.60/ Although this issue was raised in the Petition, no elaboration of Petitioners' position on this issue was provided in Petitioners' prehearing or posthearing briefs or at the June 28, 1988 hearing held before the Commission. Accordingly, Petitioners may have abandoned their argument on this issue.

In any event, I do not find that there is any basis for an affirmative finding in this investigation on the basis of threat of material injury. The statutory factors supporting a

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59/ See Nitrile Rubber from Japan, Inv. No. 731-TA-385 (Final), USITC Pub. 2090 (June 1988) (Additional Views of Commissioner Cass).

60/ Material retardation is not an issue here.

finding of threat by the Commission are not present in this case.61/ There is little existing unused capacity in Japan or Netherlands, and no evidence of plans in either country to create capacity, that could be used to produce a significant increase of exports to the United States of the subject products.62/ Market penetration by the subject imports has been falling, rather than rising.63/ Inventories of the subject products have likewise fallen.64/ There is some evidence that the Japanese and Netherlands exporters have the potential to shift production from other products to brass sheet and strip for export to the United States,65/ but there is no evidence in the record of any plans by those exporters to do so. Nor is there any logical reason to believe that such shifting will occur in the face of the recent dramatic rise in the value of the yen relative to the U.S. dollar.

A finding of threat must be based on "evidence that the threat of material injury is real and that the injury is material", and may not be based on "mere conjecture or supposition".66/ I do not believe that there is any basis for

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61/ See 19 U.S.C. Section 1677(7)(F)(1).

62/ Report at a-30, Table 11; a-31, Table 12.

63/ Report at a-35, Table 15.

64/ Id. at a-28.

65/ See USITC Memorandum EC-L-238 (July 22, 1988) from Office of Economics at 8-9.

66/ 19 U.S.C. Section 1677(7)(F)(ii).

such a finding in this investigation.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On July 20, 1987, petitions were filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel on behalf of American Brass, Buffalo, NY; Bridgeport Brass Corp., Indianapolis, IN; Chase Brass & Copper Co., Solon, OH; Hussey Copper Ltd., Leetsdale, PA; The Miller Co., Meriden, CT; Olin Corp. (Brass Group), East Alton, IL; and Revere Copper Products, Inc., Rome, NY. In addition, by letter dated May 27, 1988, the Commission was informed that North Coast Brass & Copper (North Coast) wishes to be included as a petitioner in these cases. The petitioning firms are all members of the Copper & Brass Fabricators Council, Inc., made up of 18 copper and brass fabricating companies, which fully supports the petitions. The following trade unions are also petitioners: the International Association of Machinists & Aerospace Workers; the International Union, Allied Industrial Workers of America (AFL-CIO); the Mechanics Educational Society of America (Local 56); and the United Steelworkers of America (AFL-CIO/CLC).

The petitions allege that an industry in the United States is materially injured and threatened with material injury by reason of imports from Japan and the Netherlands of certain brass sheet and strip 1/ that are being sold in the United States at less than fair value (LTFV).

Accordingly, the Commission instituted, effective July 20, 1987, preliminary antidumping investigations Nos. 731-TA-379 (Preliminary) (Japan) and 731-TA-380 (Preliminary) (Netherlands), under section 733(a) of the Tariff Act of 1930, to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of the alleged LTFV imports of brass sheet and strip from Japan and the Netherlands.

On the basis of information developed during the course of those investigations, the Commission unanimously determined that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Japan and the Netherlands of such merchandise into the United States (52 F.R. 34324, Sept. 10, 1987).

On February 1, 1988, Commerce notified the Commission of its preliminary determination that brass sheet and strip from Japan are being, or are likely to be, sold in the United States at LTFV (53 F.R. 2771); and on February 8, 1988,

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1/ For purposes of these investigations the term "certain brass sheet and strip" refers to brass sheet and strip, other than leaded brass and tin brass sheet and strip, of solid rectangular cross section over 0.006 inch but not over 0.188 inch in thickness, in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, provided for in items 612.3960, 612.3982, and 612.3986 of the Tariff Schedules of the United States Annotated (TSUSA). The chemical compositions of the products under investigation are currently defined in the Copper Development Association (CDA) 200 series or the Unified Numbering System (UNS) C20000 series. Products whose chemical compositions are defined by other CDA or UNS series are not covered by these investigations.

Commerce notified the Commission of its preliminary determination that brass sheet and strip from the Netherlands are being, or are likely to be, sold in the United States at LTFV (53 F.R. 3612). Commerce scheduled its final LTFV determinations with respect to Japan for April 11, 1988, and with respect to the Netherlands for April 18, 1988.

As a result of Commerce's affirmative preliminary determinations, the Commission instituted final antidumping investigations Nos. 731-TA-379 (Final)(Japan) and 731-TA-380 (Final)(Netherlands). Notice of the Commission's investigations and of a hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of February 24, 1988 (53 F.R. 5474).

On February 22, 1988, Commerce published a notice in the Federal Register (53 F.R. 5207) postponing its final LTFV determination for Japan until June 15, 1988; and on March 10, 1988, Commerce published a notice in the Federal Register (53 F.R. 7771) postponing its final LTFV determination for the Netherlands until June 15, 1988.

Accordingly, the Commission published a notice in the Federal Register of March 30, 1988 (53 F.R. 10301), revising its schedule for the conduct of the investigations. 1/ Effective June 21, 1988 (Japan), and June 22, 1988 (Netherlands), Commerce determined that brass sheet and strip from Japan and the Netherlands are being, or are likely to be, sold in the United States at LTFV (53 F.R. 23296 and 23431).

The Commission's hearing was held on June 28, 1988, 2/ and the Commission's determinations in these cases were transmitted to the Department of Commerce on July 29, 1988.

Previous Commission Investigations Concerning Brass Sheet and Strip 3/

There have been nine previous Commission investigations concerning brass sheet and strip. On December 22, 1986, the Commission determined, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), that an industry in the United States was materially injured by reason of imports from Brazil (investigation No. 701-TA-269 (Final)) of certain brass sheet and strip, provided for in item 612.39 of the Tariff Schedules of the United States (TSUS), which had been found by the Department of Commerce to be subsidized by the Government of Brazil. The Commission also determined, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States was materially injured by reason of imports from Brazil

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1/ Copies of the Commission's and Commerce's notices are shown in app. A.
2/ A list of witnesses appearing at the Commission's hearing is contained in app. B.
3/ In addition to these previous Commission investigations, on May 2, 1988, counsel for petitioners filed a request with Commerce for monitoring of imports of certain brass sheet and strip from Argentina, Hungary, Mexico, Switzerland, the United Kingdom, and Yugoslavia. The request alleges "persistent injurious dumping" of the subject merchandise by those countries.

(investigation No. 731-TA-311 (Final)), Canada (investigation No. 731-TA-312 (Final)), and the Republic of Korea (investigation No. 731-TA-315 (Final)) of certain brass sheet and strip, 1/ provided for in TSUS item 612.39, which had been found by the Department of Commerce to be sold in the United States at LTFV. 2/

On February 19, 1987, the Commission determined, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), that an industry in the United States was materially injured by reason of imports from France (investigation No. 701-TA-270 (Final)) of certain brass sheet and strip, provided for in TSUS item 612.39, which had been found by the Department of Commerce to be subsidized by the Government of France. The Commission also determined, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States was materially injured by reason of imports from France (investigation No. 731-TA-313 (Final)), Italy (investigation No. 731-TA-314 (Final)), Sweden (investigation No. 731-TA-316 (Final)), and West Germany (investigation No. 731-TA-317 (Final)) of certain brass sheet and strip, 3/ provided for in TSUS item 612.39, which had been found by the Department of Commerce to be sold in the United States at LTFV. 2/

The Product

Description

The subject of these investigations is wrought 4/ sheet and strip of brass, of solid rectangular cross section, over 0.006 inch but not over 0.188 inch in thickness, 5/ in coils or cut to length, whether or not corrugated or

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1/ Certain Brass Sheet and Strip from Brazil, Canada, and the Republic of Korea: Determination of the Commission in Investigation No. 701-TA-269 (Final) Under the Tariff Act of 1930 and Determinations of the Commission in Investigations Nos. 731-TA-311, 312, and 315 (Final). . ., USITC Publication 1930, December 1986.

2/ Commissioners Liebeler and Brunsdale determined in all of those investigations that an industry in the United States is not materially injured or threatened with material injury, and that the establishment of an industry in the United States is not materially retarded, by reason of imports from the countries subject to those investigations.

3/ Certain Brass Sheet and Strip from France, Italy, Sweden, and West Germany: Determination of the Commission in Investigation No. 701-TA-270 (Final) Under the Tariff Act of 1930 and Determinations of the Commission in Investigations Nos. 731-TA-313, 314, 316, and 317 (Final). . ., USITC Publication 1951, February 1987.

4/ The term "wrought" refers to products that have been rolled, forged, drawn, or extruded, and also refers to cast or sintered products that have been machined or processed otherwise than by simple trimming, scalping, or descaling.

5/ Gauges of 0.006 inch and below are considered to be foil, and gauges over 0.188 inch are considered to be plate.

crimped, but not cut, pressed, or stamped to nonrectangular shape, meeting the composition specifications of the Unified Numbering System for Metals and Alloys (UNS) C20000-series 1/ or the Copper Development Association (CDA) 200-series. 2/ For the TSUS, brass sheet is over 20 inches in width, and brass strip is not over 20 inches in width. However, the generally accepted industry distinction between brass sheet and strip is that brass strip consists of brass that is coiled or wound on reels of whatever gauge and width, and brass sheet consists of brass that is no longer coiled or wound but has been cut to length.

Manufacturing process

The manufacturing process for brass sheet and strip involves casting, rolling, and finishing of the brass sheet and strip. 3/ The brass casting process begins with the acquisition of raw materials, i.e., virgin or selected copper, zinc, other elements, or scrap brass. Brass mills often obtain raw materials through "tolling" arrangements, whereby customers provide the mills with raw materials and pay them a fee to have the materials converted into brass sheet and strip. Scrap is also obtained from captive operations, from scrap dealers, from scrap brokers, or from customers in "buy-back arrangements." 4/

In the predominant casting process for brass sheet and strip, raw materials are measured and placed in a melting furnace; samples of the melted material are then analyzed to ensure that correct compositions have been achieved. Then the melted material is poured into a holding furnace. When the holding furnace is sufficiently filled, the molten brass is directed from the holding furnace into single or multiple molds. These molds or dies are approximately 1 foot thick and are open at the bottom. The molds rest on a piston device that is enclosed in a water-filled cylinder. As a mold fills with molten brass, the piston is gradually lowered, and the brass cools and

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1/ The UNS is managed jointly by the American Society for Testing and Materials and the Society of Automotive Engineers.
2/ Brass is an alloy of copper (not including nickel silver) in which zinc is the principal alloying element, with or without small quantities of other elements. There are three general categories of brasses: copper-zinc alloys (brasses) covered by the UNS C20000-series, copper-zinc-lead alloys (leaded brasses) covered by the UNS C30000-series, and copper-zinc-tin alloys (tin brasses) covered by the UNS C40000-series. The UNS C20000-series represents the bulk (approximately 90 percent in 1987) of U.S. production of brass sheet and strip. Petitioners state that leaded and tin brasses are essentially not competitive with UNS C20000-series brasses. In the petitions in the investigations, pp. 8 and 9, petitioners state that the high-machining abilities of leaded brasses and extremely high strength and spring characteristics of tin brasses cause these alloys frequently to be incompatible with normal UNS C20000-series uses. The additional processing expenses required for lead and tin brasses and the higher metal cost for the tin brasses make substitution of these brasses for the UNS C20000-series brasses unusual.
3/ Firms that cast, roll, and finish brass sheet and strip are vertically integrated producers, known as brass mills.
4/ Brass mills generally buy back, in the form of scrap, a percentage of materials purchased by customers. The percentage tends to be based on each customer's scrap-generation rate.

hardens as it is exposed to the water; hence, the term "direct chill technique" is applied to this casting process. The casting operations produce brass ingots that are roughly 5 to 7 inches thick, 26 to 30 inches wide, 25 feet long, and weigh over 10,000 pounds. Once the ingots are cast, they are removed from the casting equipment. Before further processing, the ingots are trimmed and tested for structural integrity.

At this point, rolling operations begin with hot-breakdown rolling. The ingots are heated, rolled (reducing them in thickness from approximately 5 to 7 inches in thickness to less than 0.5 inch), cooled, and coiled. The material is then milled to eliminate surface irregularities and then is further reduced in thickness to 0.188 inch or less through cold-breakdown rolling. The extent of further processing is entirely dependent on customer requirements. 1/ In general, the material typically undergoes a variety of additional operations, such as annealing, 2/ cleaning, rolling to final thickness on "four-high" or "Sendzimir cluster" mills, tension leveling, slitting (to achieve a desired width), and cutting to length to meet customer specifications. 3/ Once all operations are completed, the material is packed and shipped.

Granges Metallverken Nederland B.V. (Metallverken), the only producer in the Netherlands, claims to have a unique production process that utilizes centrifugal or "ring" casting in its Zutphen mill. According to Metallverken, a ring is cast with a thickness of 120 millimeters and a diameter of approximately 3 meters on a ring caster. This process eliminates the creation of ingots and the subsequent hot rolling of these ingots and, according to Metallverken, results in lower production costs than in U.S. brass mills. Final thickness is achieved by cold rolling on a five-stand rolling mill. According to Metallverken, all rolling performed at Zutphen is cold-rolling, which is allegedly more efficient than hot-rolling and provides a better surface finish. Metallverken contends that its processes utilizing specially designed equipment enable the firm to produce brass strip of extremely thin gauges, tight tolerances, uniform grain size, and excellent surface finish. 4/

Uses

The chief characteristics of the UNS C20000-series of brasses are ease of

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1/ Material purchased by firms known as rerollers, which have processing equipment of their own, might require little or no further processing by the brass mill.
2/ According to a brochure on the production process published by Olin Corp., in order to allow continued cold reduction or to soften the metal for forming, it is necessary to anneal the metal by heating it. In strip annealing, a coil of metal is unwound and fed continuously through a furnace. It is then cleaned, dried, and recoiled in line with the furnace. In the bell annealing process, coils of metal are placed on a platform and covered by a retort or bell; the metal is then heated in a protective atmosphere by a furnace placed over the bell. The choice of annealing process is determined by such factors as strip thickness, alloy, and final product specifications.
3/ A new facility constructed in Shelby, NC, by Chase Brass & Copper Co. uses a different casting process in which a small diameter rod is cast vertically, hot rolled and cold rolled in line, annealed, and coiled.
4/ Postconference brief on behalf of Metallverken.

manufacture, fair electrical conductivity, excellent forming and drawing properties, and good strength. They are used in many different types of applications, e.g., ammunition, automotive radiators, coins, door hardware and bathroom accessories, electrical connectors, jewelry, and lamp bases.

Like product issues

Counsel for some respondents in the previous brass sheet and strip investigations contended that brass material to be rerolled (reroll) is a separate and distinct product from finished brass sheet and strip (finished product), and that although they are covered by the same TSUS item, reroll and the finished product are different products. The following are some of the alleged differences: reroll is an intermediate product; reroll usually has a thicker gauge than the finished product; reroll has different physical and metallurgical characteristics, qualities, prices, and uses that prevent it from being fungible or interchangeable with the finished product; and reroll is sold to rerollers, a different market from end users and distributors of the finished product.

Counsel for the petitioners contended that there is no justification for defining reroll and the finished product as separate like products because reroll is nothing more than brass sheet and strip that can be reduced by further rolling to thinner gauges and that reroll is dedicated to the same uses as is finished brass sheet and strip. Moreover, counsel contended that reroll and the finished product have the same metallurgical characteristics, are made in the same manner, and have the same applications, and that reroll can be, and often is, sold as a finished product without extra processing.

In the previous preliminary and final investigations, the Commission examined the issue of whether reroll and the finished product constitute a single like product or separate like products. The Commission found that there is a single "like product," brass sheet and strip, which includes reroll and the finished product. The issue of reroll as a separate like product has not been raised by parties in the instant investigations.

However, in the instant investigations counsel for Cambridge-Lee argues that there should be separate like products for "architectural grade" Muntz metal and architectural grade commercial bronze in 48-inch widths, and that these products should be excluded from the Commission's determinations on the basis that the domestic industry does not produce comparable products. 1/

Muntz metal and architectural bronze are described by respondents as brass sheet products used in architectural applications such as building facades, lobbies, elevators, doors, and so forth, where the aesthetic quality of the material is critical. Cambridge-Lee contends that the architectural bronze subject to these investigations is provided for under alloy number C22000, which is a provision for commercial bronze, 2/ and that the Muntz metal subject

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1/ Prehearing brief on behalf of Cambridge-Lee Industries, Inc., pp. 4-5.
2/ Standards Handbook: Wrought Copper and Copper Alloy Mill Products, Copper Development Association Inc., Greenwich, CT, 1988, p. 9.

to these investigations is provided for under alloy number C28000. 1/ Cambridge-Lee claims that its customers require 48-inch sheet (imported by Cambridge-Lee from the Japanese firm * * *), and that domestic producers do not, and cannot, produce 48-inch-wide brass sheet and strip. In addition, counsel and witnesses for Cambridge-Lee argued at the Commission's hearing, in briefs, and in other submissions that domestic Muntz metal and architectural bronze are inferior to the imported product.

Counsel for petitioners argues against such exclusions on the basis of the domestic industry's ability to produce certain of the products and on the basis of potential circumvention by slitting 48-inch strip into narrower widths after entry into the United States. 2/ There is one domestic producer of Muntz metal; Revere Copper Products, Inc., produces Muntz metal in finished widths up through 36-inches. 3/ * * *. There is, at present, one producer of C22000-series commercial bronze sheet and strip; * * * manufactures that alloy in widths up to * * *. 4/

U.S. tariff treatment

Imports of wrought brass sheet and strip meeting the specifications for brasses of the UNS C20000-series, other than clad sheets, the foregoing not cut, pressed, or stamped to nonrectangular shapes, are classified in TSUS item 612.39 and reported for statistical purposes under TSUSA items 612.3960 (sheets), 612.3982 (strips under 1/16 inch in thickness), and 612.3986 (strips 1/16 inch or more in thickness). The current column 1-a rate of duty for the subject brass sheet and strip, applicable to imports from Japan and the Netherlands, is 1.9 percent ad valorem. 5/ The Special duty rate, applicable in this instance under the Generalized System of Preferences (GSP) to eligible products of designated beneficiary developing countries, is free. In

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1/ There are also provisions under the C30000-series alloys for Muntz metal (alloy numbers C36500, C36600, C36700, C36800, and C37000). Further, architectural bronze is provided for under alloy numbers C38000 and C38500; however, C30000-series alloys are not subject to these investigations.
2/ Transcript of hearing, p. 10.
3/ Ibid., pp. 238-239.
4/ Petitioners' prehearing brief.
5/ Rates of duty for TSUS item 612.39 are divided into col. 1-a and col. 1-b rates of duty. Col. 1-a rates apply when the market price of copper is 24 cents or more per pound. Col. 1-b rates apply when the market price of copper is under 24 cents per pound, but copper prices have averaged well above that level in the 1980's. The col. 1-b rate is 0.9 cent per pound on copper content + 0.9 cent per pound. The rates of duty in col. 1 (or in this instance 1-a or 1-b) are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(d) of the TSUS. However, MFN rates would not apply if preferential tariff treatment is sought and granted to products of developing countries under the GSP or the Caribbean Basin Economic Recovery Act (CBERA), or to products of Israel or of least developed developing countries (LDDC's), as provided under the Special rates of duty column.

In addition, pursuant to the Omnibus Budget Reconciliation Act of 1986, a user fee of 0.22 percent ad valorem on most imports took effect on Dec. 1, 1986.

anticipation of U.S. adoption of the Harmonized System (HS), petitioners note that under the HS nomenclature structure, the subject brass sheet and strip would be classified in subheadings 7409.21.00 and 7409.29.00 and covered by statistical reporting numbers 7409.21.0050, 7409.21.0075, 7409.29.0050, and 7409.29.0075 of the proposed Harmonized Tariff Schedule of the United States. Such provisions have the same proposed column 1-general rate of duty of 1.9 percent ad valorem.

The Nature and Extent of Sales at LTFV

Effective June 21, 1988 (Japan), and June 22, 1988 (Netherlands), Commerce determined that brass sheet and strip from Japan and the Netherlands are being, or are likely to b , sold in the United States at LTFV (53 F.R. 23296 and 23431). The estimated weighted-average margins are shown below (in percent ad valorem):

Country and firm	LTFV margin
Japan:	
Nippon Mining Co., Ltd.....	57.98
Sambo Copper Alloy Co., Ltd.....	13.30
Mitsubishi Shindoh Co., Ltd.....	57.98
Kobe Steel, Ltd.....	57.98
All others.....	45.72
Netherlands:	
Metallverken Nederland, B.V.....	16.99
All others.....	16.99

To determine whether sales in the United States of brass sheet and strip from Japan were at LTFV, Commerce presented antidumping duty questionnaires to Nippon Mining Co., Ltd. (NMC); Sambo Copper Alloy Co., Ltd. (Sambo); Mitsubishi Shindoh Co., Ltd. (Mitsubishi); and Kobe Steel, Ltd. (Kobe), which accounted for approximately 90 percent of the exports of brass sheet and strip from Japan to the United States during the period of Commerce's investigations, February 1, 1987, through July 31, 1987 (Oct. 1, 1986, through July 31, 1987, for Sambo).

NMC advised Commerce that it would not respond to their cost-of-production questionnaire. Furthermore, NMC advised Commerce that it would forgo verification of its U.S. sales. Two companies, Mitsubishi and Kobe, failed to respond to Commerce's questionnaire. When a company failed to respond to Commerce's questionnaire, Commerce determined that it was appropriate to assign to that company the highest margin among (1) the company-specific margins in the petition, (2) the margin for the respondent with the highest margin of all respondents that supplied adequate and verified responses, or (3) the margin calculated for NMC using petitioners' constructed value information. Commerce described its methodology in its notice. Commerce used petitioners' constructed value information as "best available information" for determining the LTFV margin for NMC and applied the same margin to Mitsubishi and Kobe, consistent with Commerce's approach of making adverse assumptions for nonresponding companies. Sambo cooperated with the Department of Commerce and the LTFV margin for Sambo was determined using the Commerce methodology described in the notice.

Metallverken also cooperated with Commerce during its investigation as described in Commerce's notice of its final LTFV margins with respect to the Netherlands.

The Domestic Market

U.S. consumption

The data on apparent U.S. consumption of C20000-series brass sheet and strip presented in this report are composed of U.S. brass mills' domestic shipments of C20000-series brass sheet and strip as reported in questionnaire responses and imports of all series of brass sheet and strip as reported in official statistics of the U.S. Department of Commerce. In the previous Commission final investigations on brass sheet and strip, C20000-series brass sheet and strip accounted for over 95 percent of total imports as reported by Commerce. Therefore, for the purposes of these investigations, all imports from Japan and the Netherlands are treated as C20000-series brass sheet and strip. This practice is supported by the responses received to the Commission's importer's questionnaire.

On the basis of the data presented in table 1, apparent consumption of C20000-series brass sheet and strip decreased from 639.9 million pounds in 1984 to 521.2 million pounds in 1985, or by 18.5 percent, and then increased to 530.7 million pounds in 1986, or by 1.8 percent. It should be noted that 1984 was one of the best years ever for the brass sheet and strip industry. 1/ Apparent consumption increased to 570.4 million pounds (7.5 percent) in 1987 and was 145.2 million pounds during January-March 1988, representing a decrease of 1.7 percent from the level of apparent consumption in the corresponding period of 1987.

In order to view end-use trends, data were obtained from the CDA, Greenwich, CT, on shipments by primary brass mills of strip, sheet, and plate of brass and copper alloys, other than nickel silver and phosphor bronze, by end-use sector. Although the CDA data include more than simply C20000-series brass sheet and strip 2/ and record shipments to rerollers, redrawers, and distributors as end-use shipments (when in fact such shipments are then resold to actual end-use markets), the CDA data are generally indicative of the actual shifts in consumption by end-use sector experienced by C20000-series brass sheet and strip. Such data are presented in table 2. Between 1984 and 1985, virtually all the major end-use sectors experienced decreases in purchases from primary brass mills. Between 1985 and 1986, some of the major end-use sectors experienced further decreases, whereas other end-use sectors experienced increases. Between 1986 and 1987, virtually all the major end-use sectors experienced increases in purchases from primary brass mills. CDA shipment data for 1967-87, by end-use sectors, are presented in figure 1.

1/ Transcript of conference at p. 76.
2/ C20000-series brass sheet and strip accounted for most (72.7 percent in 1986) of the CDA data on total alloy sheet, strip, and plate presented in this report. The 72.7 percent figure is based on data appearing in Market Data, Copper Development Association, Inc.

Table 1
Brass sheet and strip, C20000-series: U.S. brass mills' domestic shipments, U.S. imports, and apparent U.S. consumption, 1984-87, January-March 1987, and January-March 1988

(In thousands of pounds)

Item	1984	1985	1986	1987	January-March-- 1987	1988
U.S. brass mills' domestic shipments 1/..	455,857	376,681	398,574	471,416	121,176	125,149
U.S. imports 2/ from--						
Japan.....	17,934	19,194	22,919	19,968	5,872	491
Netherlands.....	15,630	15,406	14,920	15,353	3,800	3,750
Subtotal.....	33,564	34,600	37,839	35,322	9,672	4,241
All other countries....	150,479	109,939	94,274	63,623	16,802	15,789
Total.....	184,043	144,539	132,113	98,945	26,474	20,030
Apparent U.S. consumption.....	639,900	521,220	530,687	570,361	147,650	145,179

1/ Includes captive consumption (company transfers).
2/ Consists of official statistics of the U.S. Department of Commerce for all series of brass sheet and strip.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

Figure 1 shows the cyclical nature of the brass sheet and strip markets, substantial declines in shipments for government coinage, declines in shipments for ordnance, and increased shipments to rerollers and distributors during 1967-87.

U.S. producers

Brass mills.--The petitioners define the U.S. industry as firms that cast, roll, and finish brass sheet and strip, known in the industry as brass mills. There are 11 known brass mills that produce C20000-series brass sheet and strip: 8 of these firms are petitioners in these investigations. One firm * * *. Another firm * * *. The other firm * * *. 1/ The 10 firms that filed questionnaires (accounting for an estimated *** percent of 1987 shipments of all shipments of C20000-series brass sheet and strip by U.S. brass mills),

1/ * * *.

Table 2
Strip, sheet, and plate of brass and copper alloys: 1/ Shipments from primary brass mills, by end-use sectors, 1984-87, January-March 1987, and January-March 1988

(In millions of pounds)

End-use sector	1984	1985	1986	1987	Jan.-Mar.-- 1987	1988
Transportation equipment 2/.....	134.8	115.9	104.1	104.6	30.3	26.8
Ordnance 3/.....	81.0	81.4	67.9	71.3	18.3	20.2
Distributors.....	93.4	67.0	92.2	119.1	32.4	30.1
Rerollers and redrawers.....	111.6	66.8	84.8	102.7	25.0	28.6
Electrical and electronic products.....	58.5	37.9	46.6	58.0	14.9	15.4
Government coinage.....	45.5	29.5	20.9	18.4	4.9	15.0
Stampings.....	22.6	20.8	23.6	25.3	6.8	5.7
Building products 4/.....	30.7	19.3	23.6	23.6	5.7	6.6
All other end-use sectors.....	53.1	43.4	39.3	41.4	10.1	15.3
Total.....	631.2	481.9	503.0	564.4	148.4	163.7

1/ Other than nickel silver and phosphor bronze.
2/ Mainly automotive nonelectrical.
3/ Mainly military ordnance.
4/ Mainly builders' hardware.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Copper Development Association.

the locations of their facilities, and their share of reported brass mills' shipments of C20000-series brass sheet and strip in 1987, are presented in the following tabulation (in percent):

Firm and plant locations	Share of brass mills' shipments in 1987
* * * * * * *	
Total.....	100.0

Note.--Because of rounding, figures may not add to the total shown.

* * * of the brass mills * * * accounted for 76.8 percent of aggregate shipments of C20000-series brass sheet and strip by brass mills in 1984, 82.0 percent in 1985, 78.3 percent in 1986, 75.7 percent in 1987, and 76.7 percent during January-March 1988. Each of the 11 brass mills is discussed below.

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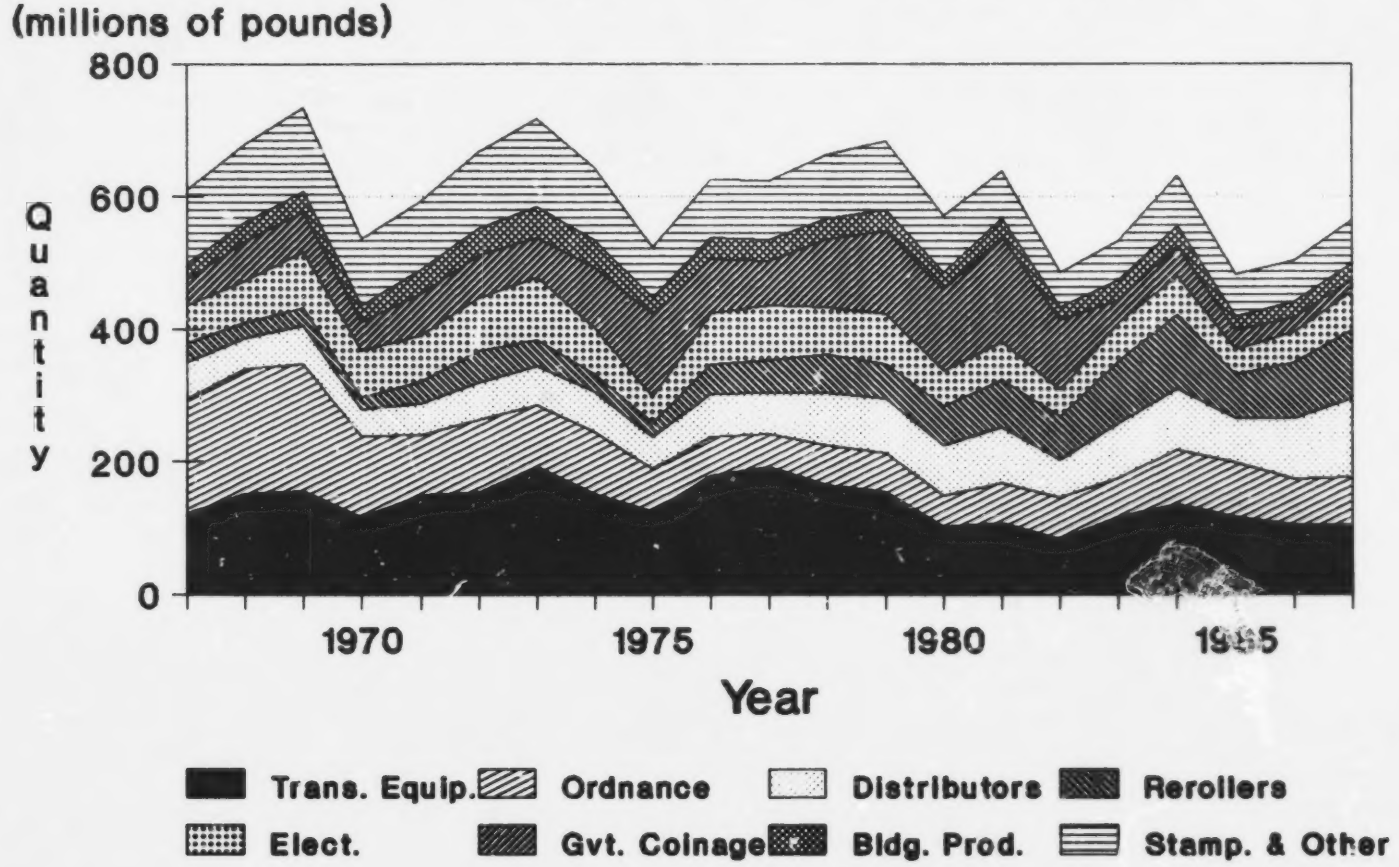
Figure 1
Shipments from brass mills by end-use sectors



Source: Copper Development Association

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American Brass, Buffalo, NY, a petitioner in these investigations, was a wholly owned subsidiary of Atlantic Richfield Co. until December 1985, when it was sold to a limited partnership. The principal facility for American Brass C20000-series brass sheet and strip is located in Buffalo, NY; a second facility, located in Kenosha, WI, performs rerolling of C20000-series brass sheet and strip. Between late 1981 and early 1985, the Buffalo plant's sheet mill was expanded and modernized. In addition to the Buffalo and Kenosha facilities, American Brass had a brass facility in Paramount, CA, which was expanded and modernized beginning in late 1982 and ending in late 1983; however, the Paramount facility was sold to Cerro Metal Products, Paramount, CA, in December 1985 and subsequently was closed.

Bridgeport Brass Corp., Indianapolis, IN, a petitioner in these investigations, was incorporated in March 1984 and purchased a facility in Indianapolis from National Distiller & Chemical Corp. in August 1984. In addition, Bridgeport owns Bryan Metals Co., Bryan, OH, which is a reroller that Bridgeport purchased from Metallverken, Inc., an importer of brass sheet and strip, in July 1985. On October 24, 1986, Bridgeport was purchased by a private party. On December 8, 1986, Bridgeport's union (the United Steelworkers of America, a petitioner in these investigations) accepted a 15-percent wage cut and changes in work rules, thereby avoiding a possible closure of Bridgeport's facility in Indianapolis. The pay cut was also applicable to Bridgeport's salaried workers.

Chase Brass & Copper Co. (Chase), Solon, OH, a petitioner in these investigations, is wholly owned by BP America, Cleveland, OH. During the first quarter of 1988, Chase sold its principal production facility, located in Cleveland, OH, to North Coast Brass & Copper Co. (North Coast). 1/ Chase has constructed a new production facility in Shelby, NC, which it called its narrow-strip division (Chase NS) and is Chase's only remaining brass mill. 2/ The Shelby plant began commercial operations in * * *. * * *. * * *.

Olin Corp. (Brass Division), a petitioner in these investigations, has production facilities located in East Alton, IL. Olin also owns Somers Thin Strip, a reroller in Waterbury, CT.

Plume & Atwood Brass Mill, Thomaston, CT, is not a petitioner in these investigations * * *. Plume & Atwood is owned by Diversified Industries, Inc., St. Louis, MO. Plume & Atwood's production facility is located in Thomaston, CT.

Revere Copper Products, Inc., Rome, NY, a petitioner in these investigations, is a wholly owned subsidiary of Revere Copper & Brass, Inc., Stamford, CT. The production facility of Revere Copper Products, Inc., is located in Rome, NY.

Hussey Copper Ltd., Leetsdale, PA, a petitioner in these investigations, produces at its facility in Leetsdale. The Miller Co., Meriden, CT, a petitioner in these investigations, produces at its facility in Meriden, CT. MRM Industries, Inc., Meriden, CT, * * *. MRM is not a petitioner in these investigations; its plant is located in Meriden, CT.

1/ * * *. * * *.
2/ * * *.

United Technologies Automotive (UTA), Automotive Products Division, Huntington, IN, operates a brass mill in Quincy, MI (APD - Quincy Brass Mill). UTA is owned by United Technologies Corp., Hartford, CT. * * *.

Rerollers.--Firms known as "rerollers" do not cast brass, but rather purchase intermediate-to-heavy-gauge brass sheet or strip from domestic or foreign sources and then perform additional processing (which includes at least a series of rolling and annealing steps) to convert the material into finished brass sheet or strip. The producers' questionnaire in the subject investigations was sent to firms known or believed to be rerollers, as well as to the primary brass mills.

In these investigations, as well as in all previous Commission investigations involving brass sheet and strip, it has been difficult to obtain questionnaire responses from rerollers. Rerollers do not produce any "new" brass sheet and strip but roll brass sheet and strip purchased from domestic brass mills or imported from foreign mills. Thus, rerollers' production and shipments cannot be added to data obtained from brass mills because such additions would amount to double counting of the same brass sheet and strip. Rerollers simply add value to the product by producing thinner and more expensive products. For rerollers, the pounds purchased should equal the pounds shipped, except for scrap generation and inventory adjustments.

Data from questionnaire responses by rerollers are presented in appendix C. The reroller statistics were thereby isolated from those of the brass mills, which facilitated updating the data during the course of the investigations because additional reroller questionnaires were received past the due date for responses to the Commission's questionnaires. In the instant investigations, questionnaires were sent to 14 firms that were believed to reroll brass sheet and strip or have the capability to do so. Ultimately, usable questionnaire data were received from five firms. Four firms certified that they did not produce brass sheet and strip during January 1985-March 1988, three firms are out of business, one firm * * *, and one firm reported that its production of reroll was negligible (app. C).

U.S. importers

Information provided by the U.S. Customs Service identified about 60 importers of brass sheet and strip from Japan and the Netherlands. Most of the importers imported only small quantities; nevertheless, questionnaires were sent to all of the known importers. Questionnaire responses were received from the *** importers shown in the following tabulation:

Importer	Office	Location	Country of origin of the imported goods
* * *	*	*	*

The firms listed above accounted for 76.4 percent of the total quantity of brass sheet and strip imported from Japan in 1984, as reported in official statistics of the U.S. Department of Commerce, 90.5 percent in 1985, 90.5 percent in 1986, and 78.3 percent in 1987. * * *.

Consideration of Alleged Material Injury

In order to gather data on the question of material injury to the U.S. industry producing brass sheet and strip, questionnaires were sent to all known brass mills and to firms that were known to be rerollers or were believed to have rerolling capabilities. The aggregate data appearing in this section of the report are for the brass mills that responded to the Commission's questionnaires. Data from rerollers are presented in appendix C.

U.S. production, capacity, and capacity utilization

U.S. production of C20000-series brass sheet and strip by brass mills decreased by 16.1 percent from 1984 to 1985, increased by 5.9 percent from 1985 to 1986, and increased 14.2 percent from 1986 to 1987 (table 3). Production during January-March 1988 amounted to 119.7 million pounds, representing an increase of 1.3 percent compared with the level of production in the corresponding period of 1987. C20000-series brass sheet and strip accounted for 92.6 percent of total reported production of brass sheet and strip in 1984, 91.8 percent in 1985, 91.3 percent in 1986, 92.4 percent in 1987, and 93.1 percent during January-March 1988.

The Commission requested brass mills to provide data on their end-of-period and average-for-period capacity for 1984-87, January-March 1987, and January-March 1988. Since most of the equipment used to produce C20000-series brass sheet and strip can also be used to produce copper and other alloys of copper (and vice versa), a number of firms reported the same capacity figure for C20000-series brass sheet and strip and for all brass sheet and strip. Other firms made allocations based on product mix. Almost all firms reported the same numbers for end-of-period capacity and average-for-period capacity; therefore, end-of-period capacity is used in table 3.

It is important to realize that the period-to-period capacity fluctuations and the variations between end-of-period and average-for-period capacity are heavily influenced by product mix, and do not clearly indicate the extent of equipment addition or dismantling that would normally lead to capacity variations. The principal observation that can be made from the capacity data in table 3 is that capacity appeared to decrease during 1984-87, although this could simply be because of changes in product mix. The same caution that should be used when viewing domestic capacity data applies to foreign capacity data for the same reasons. Capacity utilization decreased from 73.9 percent in 1984 to 65.2 percent in 1985, and then increased during both 1986 and 1987 and reached 90.5 percent during January-March 1988.

U.S. producers' shipments

U.S. shipments (including company transfers) of C20000-series brass sheet and strip by brass mills decreased from 455.9 million pounds in 1984 to 376.7 million pounds in 1985, or by 17.4 percent, then increased to 398.6 million pounds in 1986, or by 5.8 percent, and increased further to 471.4 million pounds in 1987, or by 18.3 percent (table 4). Thus, U.S. shipments of C20000-series brass sheet and strip in 1987 exceeded shipments in 1984, which was considered by the industry to have been an exceptionally good year. U.S. brass

Table 3
Brass sheet and strip: U.S. productive capacity, production, and capacity utilization of brass mills, 1984-87, January-March 1987, and January-March 1988

Item	1984	1985	1986	1987	January-March-- 1987	1988
End-of-period capacity:						
All brass sheet and strip (1,000 pounds).....	646,353	636,187	596,274	585,016	150,912	145,707
C20000-series brass sheet and strip (1,000 pounds).....	616,695	586,327	549,364	543,176	138,007	132,302
Production:						
All brass sheet and strip (1,000 pounds).....	492,077	416,409	443,138	500,461	127,359	128,616
C20000-series brass sheet and strip (1,000 pounds).....	455,783	382,206	404,681	462,286	118,130	119,718
Capacity utilization: 1/						
All brass sheet and strip (percent).....	76.1	65.5	74.3	85.5	84.4	88.3
C20000-series brass sheet and strip (percent).....	73.9	65.2	73.7	85.1	85.6	90.5

1/ Computed from data of firms providing data on both capacity and production.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

mills' domestic shipments during January-March 1988 amounted to 125.1 million pounds, representing an increase of 3.3 percent compared with the quantity shipped during the corresponding period of 1987.

U.S. brass mills' company transfers decreased 6.0 percent from 1984 to 1985 and 4.9 percent from 1985 to 1986, and then increased 14.3 percent from 1986 to 1987. Company transfers increased 13.0 percent during January-March 1988 compared with those during the corresponding period of 1987. U.S. brass mills' domestic toll shipments decreased from 1984 to 1985, and then increased in 1986 and increased again in 1987 (table 4). U.S. brass mills' nontoll shipments followed the same trend as toll shipments during 1984-87. U.S. brass mills' export shipments * * * from 1984 to 1985 then * * * from 1985 to 1986 and * * * from 1986 to 1987. Exports during January-March 1988 were * * * those of the corresponding period of 1987. However, export shipments were a small fraction of total shipments of C20000-series brass sheet and strip in each period, reaching a maximum of *** percent, by quantity, in ***. The relatively large export shipments in *** were principally due to * * *. Most of the remainder of U.S. brass mills' exports went to * * *.

Table 4
Brass sheet and strip, C20000-series: Shipments of U.S. brass mills, by types, 1984-87, January-March 1987, and January-March 1988

Item	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pounds)					
Company transfers.....	***	***	***	***	***	***
Domestic market shipments:						
Toll:						
Reroll.....	***	***	***	***	***	***
Finished product.....	***	***	***	***	***	***
Subtotal.....	***	***	***	***	***	***
Other than toll:						
Reroll.....	***	***	***	***	***	***
Finished product.....	***	***	***	***	***	***
Subtotal.....	***	***	***	***	***	***
U.S. shipments (company transfers and domestic market shipments).....	455,857	376,681	398,574	471,416	121,176	125,149
Export shipments.....	***	***	***	***	***	***
Total, all shipments..	***	***	***	***	***	***
	Value (1,000 dollars)					
Company transfers.....	***	***	***	***	***	***
Domestic market shipments:						
Toll:						
Reroll.....	***	***	***	***	***	***
Finished product.....	***	***	***	***	***	***
Subtotal.....	***	***	***	***	***	***
Other than toll:						
Reroll.....	***	***	***	***	***	***
Finished product.....	***	***	***	***	***	***
Subtotal.....	***	***	***	***	***	***
U.S. shipments (company transfers and domestic market shipments).....	319,070	273,973	275,359	350,229	83,164	109,477
Export shipments.....	***	***	***	***	***	***
Total, all shipments..	***	***	***	***	***	***

Note.--Most firms do not keep their records in such a way as to be able to provide precise data for toll shipments of reroll and finished product, nontoll shipments of reroll and finished product, and so forth. However, producers provided the best estimates they could prepare. Shipments may be slightly overstated because of some purchases of reroll by brass mills and subsequent rerolling into finished product. However, most firms were able to isolate their sales of reroll to other brass mills and subtract the quantities from their shipments to avoid double counting.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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The total value of U.S. brass mills' U.S. shipments (company transfers and domestic market shipments) decreased from $319.1 million in 1984 to $274.0 million in 1985, a drop of 14.1 percent; the value of U.S. shipments increased by 0.5 percent from 1985 to 1986 and increased 27.2 percent from 1986 to 1987. The total value of U.S. shipments increased 31.6 percent during January-March 1988 when compared with those in the corresponding period of 1987. Value data should be used with caution because of the distortions that could occur if toll shipments, which exclude metal value, are added with other-than-toll shipments, which include metal value.

U.S. producers' inventories

The inventory data reported by brass mills and presented herein are on a finished-goods basis and may include small quantities of finished goods other than C20000-series brass sheet and strip. The brass mills' end-of-period inventories are presented in the following tabulation:

Date	Inventories (1,000 pounds)	Share of brass mills' U.S. shipments during the preceding period (percent)
Dec. 31--		
1983.....	32,289	1/
1984.....	30,007	6.6
1985.....	29,354	7.8
1986.....	33,981	8.5
1987.....	35,819	7.6
Mar. 31--		
1987.....	31,040	2/ 6.4
1988.....	30,261	2/ 6.0

1/ Not available.
2/ Based on annualized shipment data.

Employment and wages

The brass mills' employment of workers producing C20000-series brass sheet and strip decreased 17.8 percent from 1984 to 1985, increased 2.6 percent from 1985 to 1986, and increased by less than 1.0 percent from 1986 to 1987. Employment of such workers decreased 12.1 percent during January-March 1988 when compared with employment during the corresponding period of 1987 (table 5). Hours worked producing C20000-series brass sheet and strip decreased 22.5 percent from 1984 to 1985 and then increased 10.7 percent from 1985 to 1986. Hours worked remained almost constant from 1986 to 1987 and then decreased 9.8 percent during January-March 1988 compared with hours in January-March 1987.

Average hourly wages paid to workers producing C20000-series brass sheet and strip ranged from a low of $11.77 in 1984 to a high of $12.97 in 1986. Productivity, measured as pounds produced per hour worked, increased 31.8 percent during the period covered.

Table 5
Average number of employees in U.S. brass mills; total and production and related workers producing all products and those producing brass sheet and strip; hours worked by and wages, total compensation, and average hourly wages paid to such workers; and output per hour worked in producing brass sheet and strip, by types, 1984-87, January-March 1987, and January-March 1988

Item	1984	1985	1986	1987	Jan.-Mar.-- 1987	1988
Average number of employees.....	6,905	6,499	6,102	5,906	5,831	5,779
Production and related workers producing--						
All products.....	5,013	4,402	4,237	4,213	4,130	4,092
All brass sheet and strip.....	2,040	1,599	1,623	1,611	1,636	1,431
C20000-series brass sheet and strip.....	1,745	1,435	1,472	1,481	1,513	1,330
Hours worked by production and related workers producing--						
All products (1,000 hours)....	9,672	8,037	8,956	8,969	2,199	2,264
All brass sheet and strip (1,000 hours).....	4,362	3,233	3,521	3,529	894	805
C20000-series brass sheet and strip (1,000 hours).....	3,728	2,891	3,201	3,225	823	742
Wages paid to production and related workers producing--						
All products (1,000 dollars)..	113,336	97,376	114,133	107,218	25,652	26,613
All brass sheet and strip (1,000 dollars).....	50,659	38,970	45,493	44,534	11,162	9,924
C20000-series brass sheet and strip (1,000 dollars)...	43,895	34,899	41,512	40,774	10,273	9,156
Total compensation paid to production and related workers producing:						
All products (1,000 dollars)..	146,855	126,144	148,425	142,293	34,760	36,076
All brass sheet and strip (1,000 dollars).....	66,222	51,585	59,168	59,053	15,294	13,540
C20000-series brass sheet and strip (1,000 dollars)...	57,090	46,298	54,013	54,197	14,147	12,536
Average hourly wages paid to production and related workers producing:						
All products.....	$11.72	$12.14	12.74	$11.97	$11.67	$11.75
All brass sheet and strip.....	11.61	12.05	12.92	12.62	12.49	12.33
C20000-series brass sheet and strip.....	11.77	12.07	12.97	12.64	12.48	12.34
Output per hour worked by production and related workers producing--						
C20000-series brass sheet and strip (pounds).....	122.3	132.2	126.4	143.3	143.5	161.3

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

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Financial experience of U.S. producers

Ten brass mills, accounting for all 1987 shipments reported by firms responding to the Commission's questionnaires, provided usable income-and-loss data on the overall operations of their establishments within which C20000-series brass sheet and strip are produced, as well as on their operations producing all brass sheet and strip and those producing only C20000-series brass sheet and strip. 1/ Three of these brass mills provided separate financial data on their operations producing C20000-series brass sheet and strip for reroll. Copper sheet and strip and sheet and strip of copper alloys, other than brass, are produced at some of the establishments where C20000-series brass sheet and strip are produced.

Overall establishment operations.--Aggregate income-and-loss data on overall establishment operations are presented in table 6. Overall establishment sales of the ten brass mills fell from $993.4 million in 1984 to a low of $838.7 million in 1986, but recovered to $988.7 million in 1987, a level just 0.5 percent below the previous high in 1984. 2/

Operating income decreased dramatically in 1985 to $29.4 million, down 60.9 percent from the $75.2 million reported for 1984. During the 1986 accounting year, the decline continued as operating income decreased by 6.3 percent to $27.5 million before recovering to $50.6 million in 1987, a level that was, nonetheless, 32.6 percent below that of 1984. The operating margins for the brass mills during the 1984-87 period were 7.6 percent, 3.5 percent, 3.3 percent, and 5.1 percent, respectively. During the interim period ended March 31, 1988, aggregate net sales totaled $303.7 million, up 42.8 percent from net sales of $212.7 million reported during interim 1987. Operating income rose to $13.4 million during interim 1988, up 47.2 percent from $9.1 million reported during interim 1987. The operating margins for the 1987 and 1988 interim periods were relatively constant at 4.3 percent and 4.4 percent, respectively. Operating losses on overall establishment operations were experienced by at least two firms in every period except 1984, when none were experienced by the producers.

Operations producing all brass sheet and strip.--Aggregate income and loss data for the ten brass mills are presented in table 7 for these operations. All brass sheet and strip operations accounted for 38.8 percent of overall establishment operations in 1987, on the basis of net sales. Net sales of all brass sheet and strip decreased to $303.0 million during 1985, down 16.0 percent from the $360.6 million reported in 1984, then increased to $306.9 million in 1986 and to $383.7 million in 1987, a level 6.4 percent greater than the previous best year of 1984.

1/ The firms are * * *.

2/ Seven producers (* * *) provided usable data for 1984. Those firms accounted for about *** percent of 1984 shipments. Nine firms reported usable financial data in 1985. A new firm, North Coast, was formed in 1988 by the purchase of Chase's Cleveland, OH, brass mill. * * *. Thus, the number of firms reporting changed from 9 in 1985 to 10 in 1986-87.

Table 6
Income-and-loss experience of U.S. brass mills on the overall operations of their establishments within which C20000-series brass sheet and strip are produced, accounting years 1984-87, and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

Item	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
	Value (1,000 dollars)					
Net sales	993,404	841,797	838,706	988,736	212,713	303,696
Cost of goods sold	838,137	729,111	733,793	858,166	184,229	269,999
Gross profit	155,267	112,686	104,913	130,570	28,484	33,697
General, selling, and administrative expenses	80,084	83,322	77,399	79,928	19,376	20,291
Operating income	75,183	29,364	27,514	50,642	9,108	13,406
Interest expense	3,020	8,769	13,457	12,698	2,306	3,107
Other income or (expense), net	(562)	1/(2,481)	(96)	(8)	(29)	150
Net income before income taxes	71,601	18,114	13,961	37,936	6,773	10,449
Depreciation and amortization expense included above	21,417	23,853	20,639	22,461	5,213	5,114
Cash-flow	93,018	41,967	34,600	60,397	11,986	15,563
	Share of net sales (percent)					
Cost of goods sold	84.4	86.6	87.5	86.8	86.6	88.9
Gross profit	15.6	13.4	12.5	13.2	13.4	11.1
General, selling, and administrative expenses	8.1	9.9	9.2	8.1	9.1	6.7
Operating income	7.6	3.5	3.3	5.1	4.3	4.4
Net income before income taxes	7.2	2.2	1.7	3.8	3.2	3.4
	Number of firms reporting					
Operating losses	0	4	3	2	2	3
Net losses	0	4	4	3	3	3
Data	7	9	10	10	8	8

1/ Includes $*** * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 7
Income-and-loss experience of U.S. brass mills on their operations producing all brass sheet and strip, accounting years 1984-87, and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

Item	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
	Value (1,000 dollars)					
Net sales	360,606	302,971	306,905	383,748	90,469	119,628
Cost of goods sold	319,473	280,070	292,055	348,864	81,884	109,198
Gross profit	41,133	22,901	14,850	34,884	8,585	10,430
General, selling, and administrative expenses	20,905	24,731	28,520	28,112	7,441	7,396
Operating income or (loss)	20,228	(1,830)	1/(13,670)	6,772	1,144	3,034
Interest expense	447	2,933	4,750	4,115	986	1,155
Other income or (expense), net	(115)	(191)	(383)	(2)	(11)	48
Net income or (loss) before income taxes	19,666	(4,954)	(18,803)	2,655	147	1,927
Depreciation and amortization expense included above	8,353	10,435	9,474	10,111	2,684	2,030
Cash-flow	28,019	5,481	(9,329)	12,766	2,831	3,957
	Share of net sales (percent)					
Cost of goods sold	88.6	92.4	95.2	90.9	90.5	91.3
Gross profit	11.4	7.6	4.8	9.1	9.5	8.7
General, selling, and administrative expenses	5.8	8.2	9.3	7.3	8.2	6.2
Operating income or (loss)	5.6	(.6)	(4.5)	1.8	1.3	2.5
Net income or (loss) before income taxes	5.5	(1.6)	(6.1)	.7	.2	1.6
	Number of firms reporting					
Operating losses	0	5	5	5	5	5
Net losses	0	5	6	5	5	4
Data	7	9	10	10	9	9

1/ Includes $*** * * *.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Operating income decreased dramatically from $20.2 million in 1984 to a loss of $1.8 million in 1985, then declined further to a loss of $13.7 million in 1986 before recovering to an income of $6.8 million in 1987. Notwithstanding the turnabout in the most recently completed fiscal year, the level was just 33.5 percent of that attained in 1984. Contributing to the 1987 increase in operating income compared with that in 1986 was a decline in the cost of goods sold, as a percent of net sales. Operating income or (loss) margins during 1984-87 were 5.6 percent, (0.6) percent, (4.5) percent, and 1.8 percent, respectively. Five firms reported operating losses in 1985, 1986, 1987, and both interim periods; none reported operating losses in 1984. During the interim period ended March 31, 1988, net sales totaled $119.6 million, up 32.2 percent from net sales of $90.5 million reported during interim 1987. Operating income increased to $3.0 million during interim 1988 from $1.1 million reported for interim 1987. The operating income margins for the firms during the 1987 and 1988 interim periods were 1.3 percent and 2.5 percent, respectively.

Operations producing C20000-series brass sheet and strip.--Aggregate income-and-loss data for the ten brass mills are presented in table 8 for these operations. On the basis of net sales, C20000-series brass sheet and strip accounted for 92.0 percent of all brass sheet and strip operations in 1987. Net sales of C20000-series brass sheet and strip decreased from $343.6 million in 1984 to $278.1 million in 1985 and 1986, representing a decline of 19.0 percent, then increased to $352.9 million in 1987, the best year during the 1984-87 period. Operating income decreased significantly from $19.2 million reported in 1984 to $2.1 million in 1985, and declined further to a loss of $9.1 million in 1986 before recovering to income of $6.8 million in 1987. The 1987 results were, nonetheless, only 35.5 percent of those attained in 1984. The firms' operating income or (loss) margins during the 1984-87 period were 5.6 percent, 0.8 percent, (3.3) percent, and 1.9 percent, respectively. None of the firms reported an operating loss during 1984 but four did so in each of the other periods. During the interim period ended March 31, 1988, net sales totaled $110.5 million, up 31.7 percent from net sales of $83.9 million reported during interim 1987. Operating income increased from $1.3 million during interim 1987 to $2.2 million during interim 1988, or by 73.9 percent. The operating margins for the 1987 and 1988 interim periods were 1.5 and 2.0 percent, respectively.

The aggregate profitability was severely impacted by the substantial losses suffered by one firm, * * *. * * *. The impact on the aggregate profitability by * * * is shown in the following tabulation (in thousands of dollars, except as noted):

*	*	*	*	*	*	*
*	*	*	*	*	*	*

Table 8
Income-and-loss experience of U.S. brass mills on their operations producing C20000-series brass sheet and strip, accounting years 1984-87, and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

Item	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
	Value (1,000 dollars)					
Net sales	343,561	278,123	278,108	352,874	83,862	110,471
Cost of goods sold	304,472	254,290	262,453	319,609	75,824	101,309
Gross profit	39,089	23,833	15,655	33,265	8,038	9,162
General, selling, and administrative expenses	19,853	21,741	24,779	26,437	6,762	6,943
Operating income or (loss)	19,236	2,092	1/ (9,124)	6,828	1,276	2,219
Interest expense	447	1,772	3,791	3,588	891	1,063
Other income or (expense), net	(115)	(335)	(460)	(2)	(11)	48
Net income or (loss) before income taxes	18,674	(15)	(13,375)	3,238	374	1,204
Depreciation and amortization expense included above	7,802	9,514	8,530	9,065	2,431	1,854
Cash-flow	26,476	9,499	(4,845)	12,303	2,805	3,058
	Share of net sales (percent)					
Cost of goods sold	88.6	91.4	94.4	90.6	90.4	91.7
Gross profit	11.4	8.6	5.6	9.4	9.6	8.3
General, selling, and administrative expenses	5.8	7.8	8.9	7.5	8.1	6.3
Operating income or (loss)	5.6	0.8	(3.3)	1.9	1.5	2.0
Net income or (loss) before income taxes	5.4	(2/)	(4.8)	.9	.4	1.1
	Number of firms reporting					
Operating losses	0	4	4	4	4	4
Net losses	0	5	6	5	4	4
Data	7	9	10	10	9	9

1/ Includes $*** * * *.
2/ Less than 0.05 percent.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

The tabulation shows that had it not been for * * * large losses, the aggregate operating income would have shown a steady and significant improvement in 1985-87, with the greatest change occurring from *** to ***. Aggregate operating income, including * * *, fell from a profit of $*** million in *** to a loss of $*** million in ***, a difference of $*** million. Exclusion of * * * would give an aggregate improvement of $*** million from *** to ***, or a swing of $*** million (the size of * * *'s operating loss in ***) in profitability.

Capital expenditures, research and development expenses, and value of property, plant, and equipment.--Capital expenditures by the ten U.S. producers for property, plant, and equipment used in the production of all establishment products, all brass sheet and strip, and C20000-series brass sheet and strip are presented in table 9. The table also shows their investment in production facilities in which brass sheet and strip are produced.

Research and development expenses for all brass series and C20000-series brass sheet and strip are shown in the following tabulation (in thousands of dollars):

Item	1984	1985	1986	1987	Interim period 1987	Interim period 1988
All brass sheet and strip	350	163	251	28	28	27
C20000-series brass sheet and strip	350	163	251	28	23	27

Operating rate of return on assets.--The operating incomes or (losses) expressed as a percent of the asset values are shown in the following tabulation:

Item	1984	1985	1986	1987
Overall establishment operating rate of return on total assets	1/	4.3	2.7	6.3
All brass sheet and strip operating rate of return on all brass sheet and strip assets 2/	1/	(2.6)	(7.0)	0.4
C20000-series brass sheet and strip operating rate of return on C20000-series brass sheet and strip assets 3/	1/	4/	(5.6)	4/

1/ Not available.
2/ Total overall establishment assets are allocated to all brass sheet and strip operations on the basis of the ratio of respective book values of fixed assets.
3/ Total overall establishment assets are allocated to C20000-series brass sheet and strip operations on the basis of the ratio of respective book values of fixed assets.
4/ Less than 0.05 percent.

Table 9
Capital expenditures and end-of-period value of investment in property, plant, and equipment by U.S. brass mills, accounting years 1984-87, and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

(In thousands of dollars)

Item	1984	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
	Capital expenditures					
All products of establishments	37,286	18,240	33,826	24,325	3,173	5,411
All brass sheet and strip	19,928	5,935	18,257	8,744	1,132	1,879
C20000-series brass sheet and strip	18,789	5,471	17,776	8,037	1,070	1,786
	Value of investment					
All products of establishments:						
Original cost	477,561	340,392	429,986	452,067	429,541	455,515
Book value	239,516	136,871	207,679	208,791	200,516	207,700
All brass sheet and strip:						
Original cost	192,935	154,186	226,078	226,781	231,332	217,153
Book value	91,097	59,231	121,263	107,877	117,156	95,871
C20000-series brass sheet and strip:						
Original cost	182,593	143,037	214,098	211,294	216,620	201,598
Book value	86,591	54,437	116,141	101,570	110,979	89,826

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Capital and investment.--The producers were asked to describe any actual or potential negative effects of imports of brass sheet and strip from Japan and the Netherlands on their firm's growth, investment, and ability to raise capital. In general, the firms stated that the continued erosion of profitability resulting from the LTFV sales of C20000-series brass sheet and strip from Japan and the Netherlands threatens their ability to generate or borrow the funds needed to maintain their businesses. Remarks by individual firms are presented in appendix D.

Consideration of the Question of Threat of Material Injury

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. 1677(7)(F)(i)) provides that--

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant factors 1/--
>
> (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
>
> (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
>
> (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
>
> (IV) the probability that imports of the merchandise will enter the United States at prices that will have adepressing or suppressing effect on domestic prices of the merchandise,
>
> (V) any substantial increase in inventories of the merchandise in the United States,
>
> (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
>
> (VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury, and
>
> (VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 736, are also used to produce the merchandise under investigation.

1/ Sec. 771(7)(F)(ii) of the act (19 U.S.C. 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

No subsidies have been alleged in the petitions (item (I) above); the available data on foreign producers' operations (items (II) and (VI) above) and on the potential for "product-shifting" (item VIII) are presented in the section entitled "Capacity of foreign producers to increase exports;" and information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the causal relationship between alleged material injury or the threat thereof and the LTFV imports." Available information on U.S. importers' inventories of the subject products (item (V)) is presented in the following section.

U.S. importers' inventories

U.S. importers' inventories may not be very meaningful in these investigations because many shipments are made directly from the foreign producers' plants to U.S. customers through orders placed with the actual U.S. importers, which in some instances are U.S. agents of the foreign manufacturers. Further, some of the U.S. importers that do maintain inventories combine inventories of foreign and domestic brass sheet and strip and were unable to determine inventories by country of origin. The data collected on U.S. importers' end-of-period inventories of C20000-series brass sheet and strip from the importers that reported inventory data are presented in table 10. Reported U.S. importers' aggregate inventories of their imports from Japan and the Netherlands ranged from a low of 1.2 million pounds as of March 31, 1988, to a high of 2.5 million pounds as of December 31, 1986.

Table 10
Brass sheet and strip, C20000-series: U.S. importers' end-of-period inventories, by countries, Dec. 31, 1983-87, Mar. 31, 1987, and Mar. 31, 1988

(In thousands of pounds)

Country of origin	1983	1984	1985	1986	1987	Mar. 31-- 1987	1988
Japan.....	***	***	***	***	***	***	***
Netherlands.....	***	***	***	***	***	***	***
Subtotal.....	1,779	1,951	1,941	2,460	1,424	1,610	1,240
All others or not specified..	1,497	5,555	4,360	4,656	4,157	3,440	3,331
Total.....	3,276	7,506	6,301	7,116	5,581	5,050	4,571

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Capacity of foreign producers to increase exports

The Commission requested counsels for the respondents in the subject investigations to provide information on the industries producing C20000-series brass sheet and strip in their respective countries. The information requested consisted of the number and names of producing firms; production, capacity, capacity utilization, home-market shipments, exports to the United States, and total exports, for each of the periods covered by the investigations; projected changes in production, capacity, or capacity

utilization in 1988; and intentions or projections as to the quantity of exports of the subject brass sheet and strip to the United States in 1988. Similar data were requested by the Commission from the U.S. embassies in each of the countries covered by the investigations. Information on the industries producing C20000-series brass sheet and strip in Japan and the Netherlands is presented below. As previously noted, capacity data and capacity utilization rates should be viewed with considerable caution.

Japan.--The petition alleges that there are six Japanese producers with excess capacity to produce C20000-series brass sheet and strip, and that these firms could increase their exports to the United States. 1/ Respondents indicated that there are eight producers of brass sheet and strip in Japan; Furukawa Electric; Mitsubishi Shindoh; Mitsui Mining & Smelting; Nippon Mining; Sambo Copper Alloy; Dowa Mining; Fuji Brass & Copper; and Kobe Steel. 2/ According to respondents, Japan is increasing its exports of brass sheet and strip to Hong Kong, Taiwan, and a number of other countries other than the United States because the electrical and electronics industries in those countries are growing more rapidly than the comparable industries in the United States. Consequently, respondents claim that there is no threat of increased exports to the United States.

Available data for Japan's brass sheet and strip industry are presented in table 11. The data are for all brass sheet and strip, and as requested, some counsels representing Japanese firms have provided confidential data on their clients' individual operations.

Netherlands.--Metallverken is the only known producer of brass sheet and strip in that country. Metallverken Nederland, B.V., is a subsidiary of Metallverken, A.B., which is based in Vasteras, Sweden. Imports of C20000-series brass sheet and strip from Sweden are subject to a dumping order as a result of the Commission's affirmative finding in investigation No. 731-TA-316 (Final).

According to counsel for Metallverken in the instant investigations, virtually all of the brass sheet and strip produced in the Netherlands is C20000-series. Data on Metallverken's C20000-series brass sheet and strip operations are presented in table 12.

Also according to counsel, the same equipment is used to produce flat-rolled brass under 0.006-inch in thickness (foil) as is used to produce flat-rolled brass over 0.006-inch in thickness (sheet and strip). Accordingly, capacity and production data in table 12 are for all flat-rolled brass (foil and sheet and strip), * * *. * * *. * * *. * * *. * * *.

1/ Petition, Japan, p. 105.
2/ Postconference statement of Nippon Mining Co., Ltd., exhibit 1.

Table 11
Brass sheet and strip: Japan's production, capacity, capacity utilization, and shipments, 1984-87, January-March 1987, and January-March 1988

(In thousands of pounds, except as noted)

Item	1984	1985	1986	1987	January-March-- 1987	1988
Production	454,737	428,223	438,596	440,745	110,186	106,470
Capacity	499,099	507,384	516,218	528,004	132,001	129,519
Capacity utilization (percent)	91	84	85	83	83	82
Home-market shipments 1/	388,920	344,642	350,266	356,377	91,825	91,962
Exports to--						
United States	13,877	17,032	18,496	14,459	3,368	884
Taiwan	2/	19,554	23,738	24,027	4,795	4,010
Hong Kong	2/	12,949	17,376	24,263	5,886	5,527
Singapore	2/	3,620	3,779	6,093	1,459	1,423
Republic of Korea	2/	1,018	1,503	2,643	623	604
Iran	2/	7,919	3,593	0	0	0
China	2/	9,574	11,335	4,261	493	355
Indonesia	2/	3,179	1,775	1,766	306	412
Thailand	2/	2,544	1,609	1,940	509	668
Philippines	2/	1,259	1,602	1,678	282	430
All other countries	51,940	4,933	3,524	3,238	640	195
Total	65,817	83,581	88,330	84,368	18,361	14,508

1/ Production less exports.
2/ Not available.

Source: Capacity and production data are from the Japan Brass Makers Association and from MITI. Export data are from Ministry of Finance (Japan).

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and the LTFV Imports

U.S. imports

According to official statistics 1/ of the U.S. Department of Commerce, imports of all series of brass sheet and strip decreased 21.5 percent (on the basis of quantity) from 1984 to 1985, decreased 8.6 percent from 1985 to 1986,

1/ Official statistics of the U.S. Department of Commerce are for all series of brass sheet and strip. It is believed that nearly all such imports consist of C20000-series brass sheet and strip, based on responses by importers to the Commission's questionnaire, which indicated that C20000-series brass sheet and strip accounted for approximately 97 percent of imports of all series of brass sheet and strip from the seven countries subject to the previous Commission investigations. Based upon questionnaire responses in the instant investigations, imports from Japan and the Netherlands appear to also be essentially all C20000-series brass sheet and strip.

Table 12
Brass sheet and strip, C20000-series: Metallverken's production, capacity, capacity utilization, and shipments, 1984-87, January-March 1987, and January-March 1988

(In thousands of pounds, except as noted)

Item	1984	1985	1986	1987	January-March-- 1987	1988
Production 1/.....	***	***	***	***	***	***
Capacity 1/.....	***	***	***	***	***	***
Capacity utilization (percent).....	***	***	***	***	***	***
Home-market shipments...	2/	***	***	***	***	***
Inventories.....	2/	***	***	***	2/	2/
Exports to:						
United States.....	***	***	***	***	***	***
* * *.....	2/	***	***	***	***	***
* * *.....	2/	***	***	***	***	***
All other.....	2/	***	***	***	***	***
Total exports.....	2/	***	***	***	***	***
Total shipments...	***	***	***	***	***	***

1/ Includes flat-rolled brass in thicknesses ranging from 0.004-inch to 0.032-inch in thickness and ranging in widths from 0.25-inch to 23.6 inches. Material 0.006-inch and under in thickness is classified in the TSUS as foil and is not subject to these investigations.
2/ Not available.

Source: Confidential submission on behalf of Metallverken.

and decreased 25.1 percent from 1986 to 1987. Imports during January-March 1988 were 24.3 percent less than those during the corresponding period of 1987 (table 13). Imports from Japan increased 7.0 percent from 1984 to 1985, increased 19.4 percent from 1985 to 1986, and then decreased 12.9 percent from 1986 to 1987. 1/

1/ Because of a lag in reporting, official import statistics include some "carry-over" data for merchandise imported, but not reported, in prior periods (usually the previous month). Beginning in 1987, Commerce extended its monthly data compilation cutoff date by about 2 weeks in order to significantly reduce the amount of carry-over. Therefore, official statistics for January 1987 include data that would previously have been carried over to February 1987. However, in order to avoid an apparent overstatement of the January 1987 data, the carry-over data from 1986 that would have been included in January 1987 official statistics as of the previous cutoff date have been excluded. Commerce isolated these 1986 carry-over data and has not included them in official statistics for 1986 or January 1987, since their inclusion in either period would result in an apparent overstatement. With respect to imports of brass sheet and strip from Japan, this carry-over amounted 1,069 pounds, with a value (c.i.f. plus calculated duties) of $1,000; with respect to the Netherlands, this carry-over amounted to 126,000 pounds, with a value (c.i.f. plus calculated duties) of $138,000.

Table 13
Brass sheet and strip: U.S. imports for consumption (official statistics), by principal countries, 1984-87, January-March 1987, and January-March 1988

Source	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pounds)					
West Germany	69,525	1/ 48,913	44,229	29,392	7,116	7,380
Japan	17,934	19,194	22,919	19,968	5,872	491
Netherlands	15,630	15,406	14,920	15,353	3,800	3,750
France	1/ 22,952	1/ 11,775	8,328	47	7	80
Italy	8,444	1/ 10,502	7,031	3,107	1,064	500
Brazil	15,793	7,590	6,048	654	265	4
Republic of Korea	6,286	1/ 7,712	5,451	1,105	188	635
Canada	13,354	7,502	4,016	6,823	1,535	1,449
Sweden	1,670	5,176	2,279	1,835	578	758
All other	12,455	10,768	16,893	20,660	6,050	4,984
Total	1/ 184,043	1/ 144,539	132,113	98,945	26,474	20,030
	Landed duty-paid value (1,000 dollars)					
West Germany	68,357	49,888	44,810	31,351	7,330	9,680
Japan	18,672	19,706	22,128	21,328	5,804	829
Netherlands	17,391	17,060	16,051	17,515	4,186	5,401
France	19,193	9,973	7,402	43	8	74
Italy	8,077	10,946	6,613	3,193	1,052	628
Brazil	13,860	6,735	5,043	579	228	3
Republic of Korea	6,690	7,014	4,792	1,025	170	795
Canada	13,639	7,554	3,826	7,344	1,469	1,905
Sweden	1,841	5,267	2,619	2,228	683	1,151
All other	11,818	10,091	14,137	18,743	5,108	4,964
Total	179,538	144,235	127,419	103,347	26,038	25,432
	Unit value (cents per pound)					
West Germany	98.3	102.0	101.3	106.7	103.0	131.2
Japan	104.1	102.7	96.5	106.8	98.8	168.9
Netherlands	111.3	110.7	107.6	114.1	110.2	144.0
France	83.6	84.7	88.9	90.5	112.9	93.6
Italy	95.7	104.2	94.1	102.8	98.9	125.6
Brazil	87.8	88.7	83.4	88.5	86.1	89.1
Republic of Korea	106.4	90.9	87.9	92.7	90.5	125.3
Canada	102.1	100.7	95.3	107.6	95.7	131.5
Sweden	110.3	101.7	114.9	121.4	118.1	151.9
All other	94.9	93.7	83.7	90.7	84.4	99.6
Average	97.6	99.8	96.4	104.4	98.4	127.0

1/ Reflects corrected data received from the U.S. Department of Commerce.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Imports from Japan during January-March 1988 dropped 91.6 percent below imports during January-March 1987. Imports from the Netherlands decreased slightly (1.4 percent) from 1984 to 1985, decreased 3.2 percent from 1985 to 1986, and then increased 2.9 percent from 1986 to 1987. Imports from the Netherlands during January-March 1988 decreased 1.3 percent compared with imports during the corresponding period of 1987.

Table 14 presents estimated data on U.S. imports of C20000-series brass sheet and strip. These data were obtained by assuming that all imports of brass sheet and strip, as reported in official statistics of the U.S. Department of Commerce, are of the C20000-series. As previously noted, on May 2, 1988, counsel for petitioners filed a request with Commerce for monitoring of imports of certain brass sheet and strip from Argentina, Hungary, Mexico, Switzerland, the United Kingdom, and Yugoslavia; therefore, the data in table 14 are arranged in such a way as to facilitate comparisons of import trends from Japan and the Netherlands, trends in imports from the seven countries subject to the previous Commission investigations, and trends in imports from the six countries named in the request for monitoring.

Combined imports from Japan and the Netherlands increased during 1984-86 and then declined during 1987. Imports from Japan and the Netherlands dropped 56.2 percent during January-March 1988 when compared with imports during the corresponding period of 1987. Imports from the seven countries (Brazil, Canada, France, Italy, the Republic of Korea, Sweden, and West Germany) subject to prior investigations dropped each year from 1984 to 1987 and then increased slightly during January-March 1988 when compared with imports during January-March 1987.

Imports from the six countries (Argentina, Hungary, Mexico, Switzerland, the United Kingdom, and Yugoslavia) named in the monitoring request decreased (on the basis of quantity) 17.5 percent from 1984 to 1985 and then increased 82.8 percent from 1985 to 1986 and 25.7 percent from 1986 to 1987. Imports from those six countries declined 9.3 percent during January-March 1988 when compared with imports during the corresponding period of 1987. Total imports from all countries combined dropped significantly during January 1984-March 1988.

Market penetration of imports

U.S. imports of C20000-series brass sheet and strip as a share of apparent U.S. consumption are presented in table 15. The ratio of the quantity of imports to consumption for Japan and the Netherlands increased from 5.2 percent in 1984 to 6.6 percent in 1985 and 7.1 percent in 1986, and then decreased to 6.2 percent in 1987. The import penetration ratio for Japan and the Netherlands dropped from 6.6 percent during January-March 1987 to 2.9 percent during January-March 1988.

Table 14
Brass sheet and strip, C20000-series: U.S. imports for consumption, by selected countries, 1984-87, January-March 1987, and January-March 1988

Source	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pounds)					
Japan	17,934	19,194	22,919	19,968	5,872	491
Netherlands	15,630	15,406	14,920	15,353	3,800	3,750
Subtotal 1/	33,564	34,600	37,839	35,322	9,672	4,241
Brazil	15,793	7,590	6,048	654	265	4
Canada	13,354	7,502	4,016	6,823	1,535	1,449
France	2/ 22,952	2/ 11,775	8,328	47	7	80
Italy	8,444	2/ 10,502	7,031	3,107	1,064	500
Republic of Korea	6,286	2/ 7,712	5,451	1,105	188	635
Sweden	1,670	5,176	2,279	1,835	578	758
West Germany	69,525	2/ 48,913	44,229	29,392	7,116	7,380
Subtotal 3/	138,024	99,170	77,380	42,963	10,752	10,805
Argentina	104	1,257	3,701	4,471	1,203	398
Hungary	2,466	1,545	1,828	3,680	1,008	415
Mexico	2,361	82	1,384	1,732	850	233
Switzerland	2,170	3,208	6,292	6,466	1,709	2,033
United Kingdom	1,471	1,308	989	2,172	188	1,418
Yugoslavia	1,836	1,181	1,490	1,197	417	375
Subtotal 4/	10,407	8,582	15,684	19,718	5,373	4,873
All other	2,048	2,187	1,209	942	677	111
Total	2/ 184,043	2/ 144,539	132,113	98,945	26,474	20,030
	Landed duty-paid value (1,000 dollars)					
Japan	18,672	19,706	22,128	21,328	5,804	829
Netherlands	17,391	17,060	16,051	17,515	4,186	5,401
Subtotal 1/	36,063	36,767	38,179	38,843	9,990	6,230
Brazil	13,860	6,735	5,043	579	228	3
Canada	13,639	7,554	3,826	7,344	1,469	1,905
France	19,193	9,973	7,402	43	8	74
Italy	8,077	10,946	6,613	3,193	1,052	628
Republic of Korea	6,690	7,014	4,792	1,025	170	795
Sweden	1,841	5,267	2,619	2,228	683	1,151
West Germany	68,357	49,888	44,810	31,351	7,330	9,680
Subtotal 3/	131,657	97,377	75,103	45,762	10,940	14,238
Argentina	94	1,003	3,001	3,933	1,044	406
Hungary	2,271	1,384	1,505	3,331	856	444
Mexico	2,046	84	1,048	1,269	532	197
Switzerland	2,262	2,652	5,236	5,895	1,471	1,633
United Kingdom	1,550	1,417	1,014	2,267	221	1,717
Yugoslavia	1,678	1,226	1,235	1,156	382	435
Subtotal 4/	9,901	8,036	13,038	17,851	4,506	4,833
All other	1,918	2,056	1,098	1,892	602	131
Total	179,538	144,235	127,419	103,347	26,038	25,432

See footnotes on following page.

Footnotes for table 14.

1/ Japan and the Netherlands.
2/ Reflects corrected data received from the U.S. Department of Commerce.
3/ Brazil, Canada, France, Italy, the Republic of Korea, Sweden, and West Germany.
4/ Argentina, Hungary, Mexico, Switzerland, United Kingdom, and Yugoslavia.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Estimated from official statistics of the U.S. Department of Commerce.

Table 15
Brass sheet and strip, C20000-series: Apparent U.S. consumption, U.S. imports, and ratios of imports to consumption, 1984-87, January-March 1987, and January-March 1988

Item	1984	1985	1986	1987	January-March-- 1987	1988
	Quantity (1,000 pounds)					
Apparent U.S. consumption	639,900	521,220	530,687	570,361	147,650	145,179
U.S. imports 1/ from--						
Japan	17,934	19,194	22,919	19,968	5,872	491
Netherlands	15,630	15,406	14,920	15,353	3,800	3,750
Subtotal, 2 countries	33,564	34,600	37,839	35,322	9,672	4,241
Countries subject to previous investigations 2/	138,024	99,170	77,382	42,963	10,752	10,805
Countries named in monitoring request 3/	10,407	8,582	15,684	19,718	5,373	4,873
All other countries	2,048	2,187	1,208	942	677	111
Total	184,043	144,539	132,113	98,945	26,474	20,030
	Ratios based on quantity (percent)					
Ratios to apparent U.S. consumption, of imports from--						
Japan	2.8	3.7	4.3	3.5	4.0	0.3
Netherlands	2.4	3.0	2.8	2.7	2.6	2.6
Subtotal, 2 countries	5.2	6.6	7.1	6.2	6.6	2.9
Countries subject to previous investigations 2/	21.6	19.0	14.6	7.5	7.3	7.4
Countries named in monitoring request 3/	1.6	1.6	3.0	3.5	3.6	3.3
All other countries	.3	.4	.2	.2	.5	.1
Total.....do....	28.7	27.6	24.9	17.4	18.0	13.7

See footnotes at end of table.

Table 15--Continued
Brass sheet and strip, C20000-series: Apparent U.S. consumption, U.S. imports, and ratios of imports to consumption, 1984-87, January-March 1987, and January-March 1988

Item	1984	1985	1986	1987	January-March-- 1987	1988
	Ratios based on value (percent) 4/					
Ratios to apparent U.S. consumption, of imports from--						
Japan	3.7	4.7	5.5	4.7	5.3	0.6
Netherlands	3.5	4.1	4.0	3.9	3.8	4.0
Subtotal, 2 countries	7.2	8.8	9.5	8.6	9.1	4.6
Countries subject to previous investigations 2/	26.4	23.3	18.6	10.1	10.0	10.6
Countries named in monitoring request 3/	2.0	2.2	3.2	3.9	4.1	3.6
All other countries	.4	.5	.3	.2	.6	.1
Total.....do	36.0	34.5	31.6	22.8	23.8	18.9

1/ Consists of official statistics of the U.S. Department of Commerce for all series of brass sheet and strip.
2/ Brazil, Canada, France, Italy, the Republic of Korea, Sweden, and West Germany.
3/ Argentina, Hungary, Mexico, Switzerland, United Kingdom, and Yugoslavia.
4/ As previously noted, value data are distorted because toll and nontoll shipment data were added to obtain the value of domestic shipments.

Note.--Because of rounding, figures may not add to the totals shown.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

The aggregate import penetration ratios for the seven countries subject to the previous Commission investigations decreased during 1984-87 and then increased slightly during January-March 1988. The aggregate import penetration ratios for the six countries named in the monitoring request remained constant during 1984-85 then almost doubled from 1985 to 1986 and increased further from 1986 to 1987. The import penetration ratio declined during January-March 1988 when compared with that during January-March 1987. Import penetration ratios for total imports followed downward trends.

Prices

The demand for brass sheet and strip is derived from the demand for numerous end-use and intermediate-use items such as lamp shells, ammunition, bathroom accessories, jewelry, communications and electronics applications, and automotive radiators, fuse clips, and other automotive parts. Both the domestic and imported products are sold either directly to distributors or to firms that produce the end- or intermediate-use items.

Brass sheet and strip are sold on a per pound basis. There are two component prices used to construct the selling price of these products: a fabrication price and a metal price. The fabrication price is a component in both toll accounts and nontoll accounts; it is generally more stable in toll accounts because there are only a few purchasers who buy on toll accounts, and these purchasers tend to buy large quantities.

Often, the fabrication price is fixed during the period of a contract or of an informal agreement--in many instances for up to 1 year. The level of this price usually depends upon the type of alloy being fabricated, the thickness (gauge) and width of the brass sheet and strip, and the quantity being ordered. Certain special finishes or tempers may also affect fabrication prices. The thinner the gauge, the more costly the item is to produce and the higher the price. A width resulting in lower yield from a coil also has a higher price.

The second component, the metal price, generally accounts for about one-half of the total selling price of brass sheet and strip. Purchasers have indicated that U.S. brass mills generally price the metal component at the date of shipment for both single- and multiple-shipment sales. U.S. producers' metal prices are based on copper and zinc prices tracked by the New York Commodities Exchange (COMEX), plus a premium of $0.04 to $0.07 per pound for freight, processing, and inventory costs.

During the period under investigation, metal values fluctuated considerably, following a downward trend on a quarterly basis through the fourth quarter of 1986, before increasing through the first quarter of 1988. 1/ From the first quarter of 1984 through the fourth quarter of 1986, the metal value of cartridge brass declined from $0.59 to $0.53 per pound, representing a decrease of approximately 10 percent. 2/ Thereafter, it climbed to $0.90 per pound in the first quarter of 1988, representing of increase of approximately 70 percent over the fourth quarter price in 1986. Because it accounts for a large proportion of the total selling price of brass sheet and strip, the metal value exerted a significant influence on the trend in total selling prices during the investigation period.

Since the metal value often changes significantly within a period as short as a week, producers, importers, and purchasers of brass sheet and strip use several methods for establishing this value, in order to limit the risk born by

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1/ International Monetary Fund, International Financial Statistics, determined on the basis of copper prices and zinc prices (London Metal Exchange, LME).
2/ The metal value of brass sheet and strip can be estimated by adding the prices of copper and zinc, weighted by the percentages of each contained in the alloy. C20000 brass contains 70 percent copper and 30 percent zinc.

both suppliers and purchasers. One method is to establish the value of the brass sheet and strip for a single shipment, typically on either the date of order or the date of shipment. The value can also be fixed for multiple shipments over a period of time. Another important method is a toll arrangement or metal conversion contract: the purchaser of the brass sheet and strip supplies the input metal to be fabricated and therefore assumes the metal cost.

Suppliers of brass sheet and strip either quote the fabrication and metal values separately, or they quote a total selling price. Regardless of the type of price quoted, the prices for U.S.-produced and imported brass sheet and strip include U.S.-inland freight costs and are thus effectively "delivered" prices. Transportation costs represent a small percentage of the final delivered price. Although these costs might affect suppliers' "netback," they do not appear to be a significant factor in purchasers buying decisions.

Domestic brass mills and importers sell brass sheet and strip to distributors, rerollers, and many end-user markets. Officials at * * * reported that prices vary among market segments according to the degree of purchaser sophistication and competition in a particular segment.

Toll-account sales.--Toll-account sales agreements or metal conversion contracts are reportedly the most formal type of sales agreement negotiated for U.S.-produced brass. Under this arrangement, the purchaser supplies the metal to be fabricated and pays only a fabrication charge to the producer. 1/ At the time the toll-account contract is negotiated, the following are established: the type of metal to be provided, the fabrication price, any additional charges, the estimated quantity to be tolled, and the duration of the agreement.

Because the metal would have to be transported to the foreign mill, toll-account sales of imported brass sheet and strip are rare. All of the producers providing usable questionnaire data, except * * *, reported toll sales--these shipments represented from about 35 to 40 percent of the producers' total shipments by weight during 1984-87. Only a few large customers were involved in these transactions.

Nontoll-account sales.--For sales other than to toll accounts, domestic brass mills generally negotiate "firm fabrication price agreements" of varying duration with customers, but also make price quotes for individual orders. Although the agreements are sometimes called contracts, it appears that, with the exception of toll-account sales, U.S.-produced brass is generally not sold on a fixed-period contractual basis as the concept applies in other industries. Fabrication agreements are not purchase orders for specific quantities, and they are generally not legally binding on either party. These agreements generally establish fabrication prices for a fixed period for all the product specifications desired by a particular customer, together with discounts for various quantity levels. Representatives of brass mills have stated that these prices are often renegotiated prior to the end of the original agreement.

1/ If a purchaser provides scrap rather than virgin metal, it may also pay a small charge of a few cents per pound to upgrade the alloy content of the metal provided.

Fabrication agreements may also specify the percentage of the customer's scrap the brass mill agrees to repurchase, stated as a certain percentage of the total pounds sold to the customer. U.S. brass mills estimated repurchases of more than 80 million pounds of brass scrap from their customers in 1987. Importers rarely repurchase brass scrap from their customers.

U.S. importers of brass sheet and strip from * * * reported that most of their sales are not on a formal contract basis. The principal importer of brass sheet and strip from * * * reported that virtually all sales are by annual agreements with large customers. Because specifications for brass sheet and strip frequently vary with the purchaser and the individual order, it is difficult to inventory standard items. For this reason, U.S. producers and importers report that the majority of their sales are of products produced according to a customer's order.

Like U.S. producers, importers of brass sheet and strip from Japan and the Netherlands quote separate price components for fabrication and metal values. However, unlike U.S. producers, they generally establish metal values on the date of order. 1/ Some brass sheet and strip customers prefer to have a total selling price that will not change between the date of order and the date of shipment. Importers of brass sheet and strip generally track copper and zinc prices published by the London Metal Exchange (LME).

Leadtimes on purchases of imports from Japan and the Netherlands are typically much longer than for purchases of U.S.-produced material because they include time for both production and overseas shipment. Purchasers report that typical leadtimes for U.S.-produced brass sheet and strip range between 3 to 8 weeks, whereas leadtimes for imported brass sheet and strip from Japan and the Netherlands are approximately 12 weeks.

In addition, whereas the minimum quantity requirements for U.S.-produced brass sheet and strip generally range from 2,000 to 5,000 pounds, the minimum quantity requirement for purchases of imports can be as high as 8,000 pounds per individual item ordered, with a minimum total shipment of 40,000 pounds, a full truckload.

Price data

Producers and importers were asked to provide quarterly price data during January 1985-March 1988 on their nontoll-account sales of 13 common brass sheet and strip products listed below:

Product 1.--Builders' hardware, CDA end-use classification 110, CDA alloy 260, 0.016-inch to 0.032-inch thick by 2 inches to 12 inches in width.

Product 2.--Slitting stock, CDA end-use classification 920, CDA alloy 260, 0.020-inch to 0.025-inch thick by maximum yield width.

1/ Some importers allow the customer to "book" the metal value on any date between the date of order and 2 weeks prior to shipment.

Product 3.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.010-inch to 0.013-inch thick by 0.75 inch to 2 inches in width.

Product 4.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.016-inch to 0.020-inch thick by 0.75 inch to 2 inches in width, traverse wound.

Product 5.--Slitting Stock, CDA end-use classification 920, CDA alloy 260, 0.016-inch to 0.0199-inch thick by maximum yield width.

Product 6.--Reroll, CDA end-use classification 910, CDA alloy 260, 0.050-inch to 0.080-inch thick by maximum yield width.

Product 7.--Reroll, CDA end-use classification 910, CDA alloy 260, 0.081-inch to 0.125-inch thick by maximum yield width.

Product 8.--Automotive electrical, CDA end-use classification 320, CDA alloy 260, 0.0061-inch to 0.012-inch thick by 2 inches to 12 inches in width.

Product 9.--Lamp shells and sockets, CDA end-use classification 440, CDA alloy 260, 0.011-inch to 0.016-inch thick by 2 inches to 12 inches in width.

Product 10.--Automotive nonelectrical, CDA end-use classification 310, CDA alloy 260, 0.0061-inch to 0.011-inch thick by 0.75 inch to 2 inches in width.

Product 11.--Electronics and other communications, CDA end-use classification 432, CDA alloy 260, 0.010-inch to 0.013-inch thick by 0.75 inch to 2 inches in width, tin-coated.

Product 12.--Automotive electrical, CDA end-use classification 320, CDA alloy 230 and/or alloy 260, 0.013-inch to 0.020-inch thick by 0.5 inch to 2 inches in width, tin-coated.

Product 13.--Automotive electrical, CDA end-use classification 320, CDA alloy 230 and/or alloy 260, 0.013-inch to 0.020-inch thick by 0.5 inch to 2 inches in width, not tin-coated.

Producers were also requested to provide price data for their toll-account sales for each of the products.

The product specifications used to collect data identified four major price factors--alloy, gauge, width, and market segment. In order to take into consideration the quarterly price changes caused by slight changes in the specifications sold within a product category, producers and importers were asked to report data for the same item throughout the period. Data were requested for the largest quarterly sale of the firm's single largest volume item within each category.

Seven U.S. producers, two U.S. rerollers, eight importers of Japanese brass sheet and strip, and one importer of articles from the Netherlands reported usable data for at least part of the products and periods requested.

The seven reporting U.S. producers accounted for more than *** percent of total 1987 domestic shipments of C20000-series brass sheet and strip from U.S. brass mills. 1/

For toll-account sales, producers were asked to report the base fabrication price and any additional charges associated with that shipment to arrive at a net delivered fabrication price for the largest quarterly toll shipment of a particular item. Six of the reporting U.S. producers provided usable fabrication-prices for toll-account sales.

For nontoll-account sales, producers and importers were asked to report total delivered selling prices, as well as the fabrication prices and metal values for their largest single quarterly sale (by volume) of a particular item. Seven reporting producers and two rerollers provided price data for nontoll-account sales.

Price trends

When purchasing brass sheet and strip, metal values tend to be similar among suppliers. On any given day, one supplier may quote a slightly lower metal price than that quoted by another supplier, but over time, metal prices quoted by different suppliers move together in line with trends in the commodity markets as reflected in the COMEX or LME price quotations. 2/ Although the metal price can differ depending on whether it was set on the date of order or the date of shipment, it is not negotiable. The fabrication price is the component that is subject to negotiation, usually on an annual basis. This price is more likely to be reduced because of price competition from other suppliers than is the metal component. Thus, both fabrication prices and differences resulting from the date metal prices are set contribute to differences in total selling prices.

Domestic producers' price trends.--Producers provided sufficient data to determine trends in fabrication prices and total selling prices. Since prices for toll-account sales of U.S.-produced brass sheet and strip do not include metal prices, they are primarily fabrication prices. The data show that trends in fabrication prices of toll accounts do not necessarily correspond to trends in fabrication prices of nontoll accounts. A comparison of toll-account and nontoll-account price data for the same products reveals that fabrication prices on nontoll-account sales were generally higher than fabrication prices for toll-account sales.

Toll-account sales.--Fabrication-price data reported by domestic producers provided weighted-average price series for two slitting-stock categories, two reroll categories, three automotive electrical categories, and the lamp shells and sockets category. These products accounted for 74 percent of total 1987 toll-account domestic shipments. Prices either declined or remained flat over the period of investigation.

1/ The seven producers were * * *. The two rerollers were * * *.
2/ Prices on the LME and on the Comex tend to move together and to influence one another. Arbitrage limits the difference in prices of refined copper that may arise between the two exchanges.

Quarterly fabrication prices increased slightly for product 2, a slitting-stock category, during 1985, then generally declined through December 1987 before increasing in January-March 1988 (table 16). The net decline over the entire period covered was 6.8 percent, from $0.42 to $0.39 per pound. 1/ For product 5, the other slitting stock category, quarterly fabrication prices declined through December 1987 before increasing in January-March 1988. The net decline was 5.5 percent, from $0.45 to $0.43 per pound. These products accounted for 21 and 18 percent, respectively, of total 1987 toll-account domestic shipments.

The fabrication price series for products 6 and 7, the reroll categories, showed no discernable trend, ranging between $0.23 and $0.26 per pound and between $0.20 and $0.25 per pound, respectively, throughout the period of investigation. These products accounted for 24 percent of total 1987 toll-account domestic shipments.

The series for product 8, an automotive electrical category, showed producers' prices at $*** through July-September 1986 and at $*** for the rest of the period of investigation. The net increase for product 8 was 3.7 percent. This product accounted for 2 percent of total 1987 toll-account domestic shipments.

Quarterly fabrication prices increased during 1985 for product 9, the lamp shells and sockets category, then generally declined through December 1987 before increasing in January-March 1988. The net decline over the entire period was 11.6 percent. Product 9 accounted for 4 percent of total 1987 toll-account domestic shipments.

The series for product 12, an automotive electrical category, showed producers' prices at $*** during 1985, $*** during 1986, and $*** for the remainder of the period of investigation. The net decrease for product 12 was 11.8 percent. This product accounted for less than 1 percent of total 1987 toll-account domestic shipments.

The series for product 13, another automotive electrical category, showed producers' prices at $*** through January-March 1986 before decreasing to $*** for most of the rest of the period. The net decrease for product 13 was 4.8 percent. This product accounted for 5 percent of total 1986 toll-account domestic shipments.

Nontoll-account sales.--Total selling-price data reported by U.S. producers for their nontoll sales provided usable series for two slitting-stock categories, the builders' hardware category, three communications and electronics categories, the lighter gauge reroll category (product 6), three automotive electrical categories, the automotive nonelectrical category, and the lamp shells and socket category. These products accounted for 60 percent of total 1987 nontoll domestic shipments. With few exceptions the data shown in table 17 indicate that prices for nontoll sales of brass sheet and strip fluctuated, and either generally declined or remained relatively flat from

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1/ Percentage changes are calculated from unrounded figures; therefore, percentage changes cannot be derived directly from the rounded numbers in the tables and text.

Table 16
Brass sheet and strip: Domestic producers' weighted-average delivered prices on their toll-account sales, by products and by quarters, January 1985-March 1988

(Per pound)

Period	Slitting stock (.020" - .025" gauge)	Slitting stock (.016" - .0199" gauge)	Reroll (.050" -.080" gauge)	Reroll (.081" - .125" gauge)
1985:				
January-March.....	$0.42	$0.45	$0.25	$***
April-June.....	.42	.45	.25	***
July-September....	.43	.45	.26	***
October-December..	.43	.45	.25	***
1986:				
January-March.....	.39	.41	.25	***
April-June.....	.40	.40	.24	***
July-September....	.39	.40	.24	***
October-December..	.38	.40	.24	***
1987:				
January-March.....	.36	.40	.25	***
April-June.....	.36	.40	.24	***
July-September....	.35	.40	.24	***
October-December..	.34	.39	.23	***
1988:				
January-March.....	.39	.43	.25	***

Period	Automotive electrical (.0061" - .012" gauge)	Automotive electrical (.013" - .020 " gauge) tin-coat	Automotive electrical (.013" -.020" gauge)	Lamp shells and sockets (.0061" - .012" gauge)
1985:				
January-March.....	$***	$***	$***	$***
April-June.....	***	***	***	***
July-September....	***	***	***	***
October-December..	***	***	***	***
1986:				
January-March.....	***	***	***	***
April-June.....	***	***	***	***
July-September....	***	***	***	***
October-December..	***	***	***	***
1987:				
January-March.....	***	***	***	***
April-June.....	***	***	***	***
July-September....	***	***	***	***
October-December..	***	***	***	***
1988:				
January-March.....	***	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 17
Brass sheet and strip: Domestic producers' weighted-average delivered prices on their nontoll sales, by products and by quarters, January 1985-March 1988

(Per pound)

Period	Slitting stock (.020" - .025" gauge)	Slitting stock (.016" - .0199" gauge)	Builders' hardware	Reroll (.05" - .08" gauge)
1985:				
January-March.....	$1.33	$1.20	$1.18	$***
April-June.....	1.25	1.16	1.22	***
July-September....	1.25	1.11	1.17	***
October-December..	1.22	1.11	1.07	***
1986:				
January-March.....	1.12	1.12	1.08	***
April-June.....	1.15	1.08	1.09	***
July-September....	1.07	1.05	1.09	***
October-December..	1.07	1.04	1.11	***
1987:				
January-March.....	1.12	1.03	1.06	***
April-June.....	1.14	1.09	1.12	***
July-September....	1.26	1.26	1.14	***
October-December..	1.47	1.25	1.26	***
1988:				
January-March.....	1.56	1.49	1.39	***

	Lamp shells & sockets (.011" - .016" gauge)	Communications and electronics (.01" - .013" gauge)	Communications and electronics (.016" - .02") gauge)	Communications and electronics (.01" - .013" gauge) tin-coated
1985:				
January-March.....	$***	$***	$1.44	$***
April-June.....	***	***	1.47	***
July-September....	***	***	1.44	***
October-December..	***	***	1.43	***
1986:				
January-March.....	***	***	1.45	***
April-June.....	***	***	1.46	***
July-September....	***	***	1.42	***
October-December..	***	***	1.42	***
1987:				
January-March.....	***	***	1.39	***
April-June.....	***	***	1.48	***
July-September....	***	***	1.50	***
October-December..	***	***	1.82	***
1988:				
January-March.....	***	***	1.76	***

Table 17--Continued
Brass sheet and strip: Domestic producers' weighted-average delivered prices on their nontoll sales, by products and by quarters, January 1985-March 1988

(Per pound)

Period	Automotive			
	Non-electrical (.0061" - .011" gauge)	Electrical (.0061" - .012" gauge)	(.013" - .02") gauge)	(.013" - .02" gauge) tin-coated
1985:				
January-March.....	$***	$1.06	$***	$***
April-June.....	***	1.06	***	***
July-September....	***	1.01	***	***
October-December..	***	.96	***	***
1986:				
January-March.....	***	.99	***	***
April-June.....	***	.99	***	***
July-September....	***	1.04	***	***
October-December..	***	1.22	***	***
1987:				
January-March.....	***	1.01	***	***
April-June.....	***	1.28	***	***
July-September....	***	1.40	***	***
October-December..	***	1.27	***	***
1988:				
January-March.....	***	1.44	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

January-March 1985 to April-June 1987. Prices for all products increased beginning in July-September 1987, primarily because of large increases in the value of the metal component.

From January-March 1985 to October-December 1986, the weighted-average price for nontoll sales of U.S.-produced heavier gauge slitting stock (product 2) initially fell from $1.33 per pound to $1.07 per pound, or by approximately 20 percent, before increasing to $1.56 per pound by January-March 1988. Similarly, prices for lighter gauge slitting stock (product 5) declined from $1.20 per pound to $1.03, or by approximately 14 percent before increasing to $1.49 per pound by January-March 1988. These products accounted for 11 and 4 percent, respectively, of total 1987 nontoll domestic shipments. Prices for U.S. producers' nontoll sales of the builders' hardware specification moved erratically from $1.18 per pound during January-March 1985 to $1.06 per pound during January-March 1987, a decline of 10 percent, before increasing to $1.39 per pound by January-March 1988. This product accounted for 14 percent of total nontoll 1987 domestic shipments.

Prices for nontoll-account sales of the U.S.-produced communications and electronics products (products 3, 4, and 11) either declined or were nearly flat through January-March 1987, although there were periods of fluctuation. Prices then increased significantly by January-March 1988 to levels above the

initial period. These products accounted for 2, 7, and 8 percent of total 1987 nontoll domestic shipment.

Prices for U.S. producers' nontoll sales of the reroll specification (product 6) showed no discernable trend. Total shipments data were not provided for this product.

The automotive nonelectrical and electrical categories showed producers' prices generally decreasing through January-March 1987 by 4.7 to 12.5 percent, before increasing significantly by January-March 1988 to levels above the initial period. These products accounted for 13 percent of total 1987 nontoll-account domestic shipments.

The series for product 9, the lamp shells and sockets category, showed producers' prices declining slightly through January-March 1987 except for the price of a small order during April-June 1985. This product accounted for less than 1 percent of total 1987 nontoll-account domestic shipments.

Importers' price trends for nontoll-account sales.--Importers' weighted-average total selling prices are shown in tables 18 and 19. Data reported by importers of product from Japan provided usable series for the two slitting-stock categories, the builders' hardware category, the three communications and electronics categories, the lighter gauge reroll category (product 6), three automotive categories, and the lamp shells and socket category. The specific products requested accounted for 84 percent of total 1987 shipments of imports from Japan.

Total selling-price data reported by the importer of product from the Netherlands provided usable weighted-average price series for the * * *. The specific products requested accounted for *** percent of total shipments of imports from the Netherlands during 1987, with *** percent from * * * the * * * category.

Prices of Japanese slitting stock generally fell through January-March 1987 before increasing. The price of Japanese builders' hardware was flat through April-June 1987 before increasing. The price of Japanese reroll fell in 1986 before increasing through 1987. In the communications and electronics categories, the price of Japanese tin-coated material was flat in 1985, then jumped to a new level in 1986 where it remained through January-March 1987, before falling through October-December 1987. Tin-coated prices than increased substantially in January-March 1988 to a level higher than first reported. Data were sparse for the other communications and electronic products. In the automotive categories there were no apparent price trends, as was the case for the lamp shells and sockets category. Prices of imports from the Netherlands were * * *.

Table 18
Brass sheet and strip: Japanese weighted-average delivered prices on their nontoll sales, by products and by quarters, January 1985-March 1988

(Per pound)

Period	Slitting stock (.020" - .025" gauge)		Slitting stock (.016" - .0199" gauge)		Builders' hardware		Reroll (.05" - .08" gauge)
1985:							
	*	*	*	*	*	*	*
1986:							
	*	*	*	*	*	*	*
1987:							
	*	*	*	*	*	*	*
1988:							
	*	*	*	*	*	*	*

Period	Lamp shells & sockets (.011" - .016" gauge)		Communications and electronics (.01" - .013" gauge)		(.016" - .02") gauge)		(.01" - .013" gauge) tin-coated
1985:							
	*	*	*	*	*	*	*
1986:							
	*	*	*	*	*	*	*
1987:							
	*	*	*	*	*	*	*
1988:							
	*	*	*	*	*	*	*

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Table 18--Continued
Brass sheet and strip: Japanese weighted-average delivered prices on their nontoll sales, by products and by quarters, January 1985-March 1988

(Per pound)

Period	Automotive		Non-electrical (.0061" - .011" gauge)	Electrical (.0061" - .012" gauge)		(.013" - .02") gauge) tin-coated	
1985:							
	*	*	*	*	*	*	*
1986:							
	*	*	*	*	*	*	*
1987:							
	*	*	*	*	*	*	*
1988:							
	*	*	*	*	*	*	*

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Five importers responded to the Commission's supplemental questionnaire requesting certain pricing information on imports of brass sheet and strip from the six countries named in the petitioners' monitoring request to the Department of Commerce. 1/ Three importers indicated that they import from other countries not under investigation, as well as from either Japan or the Netherlands. Two ranked material from Japan and the Netherlands as superior to material from the other countries; the other made no comparison. The same two importers also stated that prices from Japan and the Netherlands are higher than prices from the countries cited in the monitoring request.

1/ These questionnaires were sent in response to a request by respondents that the Commission gather data on the countries named in the monitoring request.

Table 19
Brass sheet and strip: Netherlands' weighted-average delivered prices on their nontoll sales, by products and by quarters, January 1985-March 1988 1/

(Per pound)

Period	Product 3	Product 4	Product 8	Product 9	Product 10	Product 11	Product 12	Product 13
1985:								
	*	*	*	*	*	*	*	
1986:								
	*	*	*	*	*	*	*	
1987:								
	*	*	*	*	*	*	*	
1988:								
	*	*	*	*	*	*	*	

1/ Product 3.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.010-inch to 0.013-inch thick by 0.75 inch to 2 inches in width.
Product 4.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.016-inch to 0.020-inch thick by 0.75 inch to 2 inches in width, traverse wound.
Product 8.--Automotive electrical, CDA end-use classification 320, CDA alloy 260, 0.0061-inch to 0.012-inch thick by 2 inches to 12 inches in width.
Product 9.--Lamp shells and sockets, CDA end-use classification 440, CDA alloy 260, 0.011-inch to 0.016-inch thick by 2 inches to 12 inches in width.
Product 10.--Automotive nonelectrical, CDA end-use classification 310, CDA alloy 260, 0.0061-inch to 0.011-inch thick by 0.75 inch to 2 inches in width.
Product 11.--Electronics and other communications, CDA end-use classification 432, CDA alloy 260, 0.010-inch to 0.013-inch thick by 0.75 inch to 2 inches in width, tin-coated.
Product 12.--Automotive electrical, CDA end-use classification 320, CDA alloy 230 and/or alloy 260, 0.013-inch to 0.020-inch thick by 0.5 inch to 2 inches in width, tin-coated.
Product 13.--Automotive electrical, CDA end-use classification 320, CDA alloy 230 and/or alloy 260, 0.013-inch to 0.020-inch thick by 0.5 inch to 2 inches in width, not tin-coated.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Price comparisons

When deciding among various potential suppliers, the total selling price is the price that matters to a purchaser of brass sheet and strip. This report compares weighted-average total delivered selling prices for nontoll sales of U.S.-produced brass sheet and strip shipped during a particular quarter with total delivered selling prices of the subject imports shipped during the same quarter. 1/

Data for Japan showed underselling by imports in the majority of price comparisons; data for the Netherlands also showed underselling in the majority of the comparisons. Margins of underselling by the Japanese were generally the highest for the heavier gauge communications and electronics product (product 4). Margins are presented in tables 20 and 21.

Japan.--Of 100 price comparisons between domestic and imported Japanese brass sheet and strip, 74 showed underselling by the imported products. The following tabulation presents a summary of the number of direct quarterly price comparisons that showed underselling by importers of Japanese brass sheet and strip for each product category and the range of percentage margins by which the importers' weighted-average total selling price undersold the U.S. producers' weighted-average total selling price:

Product	Underselling/ total comparisons	Range of underselling (percent)
Slitting stock, 0.020"-0.025" ..	12/12	8.6-24.5
Slitting stock, 0.016"-0.0199"..	10/10	2.1-15.6
Builders' hardware.....	12/12	6.5-18.9
Comm. and elec., 0.010"-0.013"..	1/7	1.6
Comm. and elec., 0.016"-0.020"..	6/6	26.9-40.5
Comm. and elec., tin-coated.....	12/13	3.2-37.9
Automotive elec., 0.0061"-0.012"	7/10	0.4-23.4
Automotive elec., tin-coated....	4/10	17.0-34.6
Automotive nonelectrical.....	2/9	7.2-10.2
Lamp shells and sockets.....	4/5	4.1-12.4
Reroll, 0.050"-0.080".....	4/6	7.2-15.7

1/ Respondents have stated that fabrication costs should be used for price comparisons. They have argued at the hearing and in the previous brass sheet and strip cases, Investigations Nos. 701-TA-269 and 270 (Final) and 731-TA-311-317 (Final), that it is inappropriate to compare quarterly total selling prices reported by producers and importers because the metal value components for reported sales are established on different dates during a quarter. However, evidence indicates that customers base their purchase decisions on quotations for the total selling price of brass sheet and strip rather than on the cost of fabrication alone. Therefore, comparisons of total selling prices appear to be more appropriate than the approach recommended by the respondents.

Table 20
Brass sheet and strip: Average margins by which imports from Japan undersold or (oversold) U.S.-produced products sold on a nontoll-account basis, by products and by quarters, January 1985-March 1988

(In percent)

Period	Slitting stock (.020" - .025" gauge)	Slitting stock (.016" - .0199" gauge)	Builders' hardware	Reroll (.05" - .08" gauge)
1985:				
	* * *	* * *	* * *	* * *
1986:				
	* * *	* * *	* * *	* * *
1987:				
	* * *	* * *	* * *	* * *
1988:				
	* * *	* * *	* * *	* * *

Period	Lamp shells & sockets (.011" - .016" gauge)	Communications and electronics (.01" - .013" gauge)	(.016" - .02") gauge)	(.01" - .013" gauge) tin-coated
1985:				
	* * *	* * *	* * *	* * *
1986:				
	* * *	* * *	* * *	* * *
1987:				
	* * *	* * *	* * *	* * *
1988:				
	* * *	* * *	* * *	* * *

Table 20--Continued
Brass sheet and strip: Average margins by which imports from Japan undersold or (oversold) U.S.-produced products sold on a nontoll-account basis, by products and by quarters, January 1985-March 1988

(In percent)

Period	Automotive		Nonelectrical (.0061" - .011" gauge)	Electrical (.0061" - .012" gauge)		(.013" - .02") gauge) tin-coated	
1985:							
	*	*	*	*	*	*	*
1986:							
	*	*	*	*	*	*	*
1987:							
	*	*	*	*	*	*	*
1988:							
	*	*	*	*	*	*	*

Note.--Percentage margins were calculated from unrounded figures; therefore, margins cannot always be calculated directly from the rounded prices in the tables.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 21
Brass sheet and strip: Average margins by which imports from the Netherlands undersold or (oversold) U.S.-produced products sold on a nontoll-account basis, by products and by quarters, January 1985-March 1988 1/

(In percent)

Period	Product 3	Product 4	Product 8	Product 9	Product 10	Product 11	Product 12	Product 13
1985:								
		*	*	*	*	*	*	*
1986:								
		*	*	*	*	*	*	*
1987:								
		*	*	*	*	*	*	*
1988:								
		*	*	*	*	*	*	*

1/ Product 3.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.010-inch to 0.013-inch thick by 0.75 inch to 2 inches in width.
Product 4.--Communications and electronics, CDA end-use classification 430, CDA alloy 260, 0.016-inch to 0.020-inch thick by 0.75 inch to 2 inches in width, traverse wound.
Product 8.--Automotive electrical, CDA end-use classification 320, CDA alloy 260, 0.0061-inch to 0.012-inch thick by 2 inches to 12 inches in width.
Product 9.--Lamp shells and sockets, CDA end-use classification 440, CDA alloy 260, 0.011-inch to 0.016-inch thick by 2 inches to 12 inches in width.
Product 10.--Automotive nonelectrical, CDA end-use classification 310, CDA alloy 260, 0.0061-inch to 0.011-inch thick by 0.75 inch to 2 inches in width.
Product 11.--Electronics and other communications, CDA end-use classification 432, CDA alloy 260, 0.010-inch to 0.013-inch thick by 0.75 inch to 2 inches in width, tin-coated.
Product 12.--Automotive electrical, CDA end-use classification 320, CDA alloy 230 and/or alloy 260, 0.013-inch to 0.020-inch thick by 0.5 inch to 2 inches in width, tin-coated.
Product 13.--Automotive electrical, CDA end-use classification 320, CDA alloy 230 and/or alloy 260, 0.013-inch to 0.020-inch thick by 0.5 inch to 2 inches in width, not tin-coated.

Note.--Percentage margins were calculated from unrounded figures; therefore, margins cannot always be calculated directly from the rounded prices in the tables.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Netherlands.--Of 75 price comparisons between domestic and imported Dutch brass sheet and strip, 51 showed underselling by the imported products. The following tabulation presents a summary of the number of direct quarterly price comparisons that showed underselling by importers of Dutch brass sheet and strip for each product category and the range of margins by which the importer's total selling price undersold the U.S. producers' total selling price:

Product	Underselling/ total comparisons	Range of underselling (percent)
Automotive elec., 0.0061"-0.012"	4/8	2.6-15.4
Automotive elec., 0.013"-0.020"	11/13	.9-19.7
Automotive elec., tin-coated....	5/7	4.6-18.3
Automotive nonelectrical.....	5/11	1.7-19.9
Lamp shells and sockets.....	2/4	3.1-27.5
Comm. and elec., 0.010"-0.013"..	2/10	15.3-15.8
Comm. and elec., 0.016"-0.020"..	9/9	6.1-26.5
Comm. and elec., tin-coated....	13/13	19.0-31.7

Exchange rates

Quarterly data reported by the International Monetary Fund indicate that during January 1985 through March 1988 the nominal value of the Japanese yen appreciated sharply by 101.3 percent against the U.S. dollar, and the currency of the Netherlands registered an overall appreciation equivalent to 95.7 percent (table 22). 1/ Adjusted for relative movements in producer price indices, the real value of those currencies achieved overall appreciations equivalent to 68.4 percent and 85.5 percent, respectively, as of the January-March 1988 relative to January-March 1985 levels.

Lost sales and lost revenues

Twenty-one purchasers were cited in 43 allegations of sales lost because of price competition from imports from Japan and the Netherlands. Ten purchasers were cited in 19 allegations of sales revenues lost to avoid losing sales to imports from the subject countries. Most of the lost revenues and lost sales allegations were for 1986 and 1987, but there were allegations for the entire period, January 1984 through March 1988. Thirty-five lost sales and 16 lost revenue allegations were investigated.

Alleged sales lost to imports from Japan and the Netherlands from January 1984 through March 1988 totaled approximately 12.5 million pounds. Alleged revenues lost because of price reductions necessary to avoid losing sales to imports from Japan and the Netherlands were estimated at $724,000 on 8.5 million pounds. The number and type of allegations cited for each country subject to these investigations are shown in the following tabulation:

Country of origin	Alleged lost sales	Alleged lost revenues
Japan.....	***	***
Netherlands.....	***	***

1/ International Financial Statistics, May 1988.

Table 22
Nominal exchange rates of the Japanese yen and the Netherlands guilder in U.S. dollars, real exchange-rate equivalents, 1/ and producer price indicators in the United States, Japan, and the Netherlands, 2/ indexed by quarters, January 1985-March 1988

(January-March 1985=100)

Period	U.S. Producer Price Index	Japan Producer Price Index	Japan Nominal-exchange-rate index --US dollars/yen--	Japan Real-exchange-rate index 3/	Netherlands Producer Price Index	Netherlands Nominal-exchange-rate index -US dollars/guilder-	Netherlands Real-exchange rate index 3/
1985:							
Jan.-Mar...	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June..	100.1	98.8	102.8	101.5	100.7	105.7	106.3
July-Sept..	99.4	97.5	108.0	106.0	100.2	114.9	115.8
Oct.-Dec...	100.0	94.7	124.4	117.8	99.2	126.5	125.5
1986:							
Jan.-Mar...	98.5	92.8	137.2	129.2	97.8	139.0	138.0
Apr.-June..	96.6	89.4	151.5	140.1	97.5	145.5	146.8
July-Sept..	96.2	87.0	165.4	149.7	96.7	156.6	157.5
Oct.-Dec...	96.5	86.1	160.8	143.5	96.6	162.4	162.6
1987:							
Jan.-Mar...	97.7	85.6	168.2	147.4	96.6	177.4	175.4
Apr.-June..	99.2	84.9	180.6	154.5	96.3	180.9	175.6
July-Sept..	100.3	86.0	175.4	150.2	96.3	177.8	170.7
Oct.-Dec...	100.8	89.2	189.7	167.9	96.1	191.9	183.1
1988:							
Jan.-Mar...	101.2	4/ 85.0	201.3	4/ 168.4	5/ 96.0	195.7	5/ 185.5

1/ Exchange rates expressed in U.S. dollars per unit of foreign currency.
2/ Producer price indicators--intended to measure final product prices--are based on average quarterly indices presented in line 63 of the International Financial Statistics.
3/ The indexed real exchange rate represents the nominal exchange rate adjusted for relative movements in producer price indices in the United States and the respective foreign countries. Producer prices in the United States increased 1.2 percent during January 1985-March 1988, compared with decreases of 15.0 percent in Japan and 4.0 percent in the Netherlands during the same period.
4/ Data are derived from Japanese producer price indices reported for January-February only.
5/ Data are derived from Dutch producer price indices reported for January-February only.

Source: International Monetary Fund, International Financial Statistics, May 1988.

Information obtained from purchasers contacted is summarized below.

Purchaser 1.--* * * was named in *** allegations of sales lost for the * * *, involving *** pounds to suppliers of brass sheet and strip from the Netherlands and *** pounds to suppliers of the Japanese product. * * * was also named in *** allegations of revenues lost in * * * involving *** pounds of brass sheet and strip, because of price competition from imported Netherlands brass sheet and strip. * * *, the purchaser of brass products for * * *, stated that his company made agreements with suppliers of brass strip from both countries for large quantities of * * * during 1987. * * * stated that he purchases from the Netherlands and Japan because of their superior quality relative to the domestic product. Prices of brass sheet and strip imported from * * * are reportedly "higher" than those of the domestic product. * * * rated the Netherlands strip as the highest quality product, followed by the Japanese strip. * * * stated that * * * is heavily involved in the production of * * *. According to * * *, the primary factors in determining * * *'s brass strip material sources are that the sources chosen must be able to consistently meet * * *'s volume requirements with consistent quality at competitive prices. In his opinion, the domestic mills' failure to provide consistent quality for volume requirements, not pricing, has kept * * * from making greater purchases from domestic mills.

Purchaser 2.--* * * was cited in *** allegations of sales lost during ***, involving *** pounds of brass sheet and strip allegedly purchased instead from suppliers of Japanese brass sheet and strip. * * *, the owner of * * *, stated that his company has never purchased material from Japan or from the Netherlands. He stated that although * * * has a higher quality product than the domestic merchandise, the * * * price is also higher. * * * stated that he prefers to purchase the many varieties of brass sheet and strip products his firm uses from domestic sources.

Purchaser 3.--* * * was cited in an allegation of revenues lost during * * *, involving *** pounds of brass sheet and strip, because of price competition from imported Japanese brass sheet and strip. * * * was also cited in an allegation of sales lost during ***, involving *** pounds of brass sheet and strip allegedly purchased instead from suppliers of brass sheet and strip from the Netherlands. * * *, the purchaser for * * *, denied that * * * from Japanese brass sheet and strip. * * * stated that the price competition for the product in question was only from domestic sources. * * *. * * *. * * * reported that it has purchased Dutch brass sheet and strip in lieu of domestic brass partly because the specifications desired are not available domestically. Asked to comment further, * * * stated that U.S. producers can actually provide the bulk of * * *'s requirements for particular gauges and widths, but imported brass sheet and strip produced in other countries often has "tighter" tolerances than does the U.S.-produced material it purchases. * * * explained that gauge control, a producer's ability to produce brass sheet and strip as close as possible to the gauge specified, is desirable because the firm does not want to purchase unnecessary poundage.

Purchaser 4.--* * * was cited in *** allegations of revenues lost in ***, ***, and *** on *** pounds of brass strip because of price competition from suppliers of brass sheet and strip from the Netherlands. * * *, purchasing agent for * * *, stated that he purchases brass strip both from domestic producers and from the Netherlands. * * * stated that * * * has been purchasing brass strip from the Netherlands since prior to ***, but that the

firm is currently buying larger quantities because the price of the Dutch product is now more competitive with that of the domestic product. * * * states that once he is satisfied with the quality of a product, he will purchase based on the best price * * * can receive. * * *. * * *. * * * also stated that an important factor affecting stamping press productivity is coil size. He said that * * * delivers the largest and most consistently sized coils, which increases productivity through fewer coil changes.

Purchaser 5.--* * * was cited in *** allegations of revenues lost in *** on *** pounds of brass sheet and strip because of price competition from suppliers of brass sheet and strip from the Netherlands, and in *** lost sales involving *** pounds--also from the Netherlands. * * *, purchasing agent for * * *, stated that * * * purchases brass strip from both domestic producers and from the Netherlands. * * * stated that the product from the Netherlands is better quality material, with greater consistency of gauge, thereby causing less tooling adjustment. She also stated that the Dutch product is usually higher priced.

Purchaser 6.--* * * was cited in an allegation of revenues lost in *** on *** pounds of brass strip because of price competition from suppliers of Dutch brass sheet and strip. * * *, purchasing agent for * * *, stated that he has never purchased brass strip from the Netherlands, nor has he received quotes from them.

Purchaser 7.--* * * was cited in an allegation of a sale lost during *** involving *** pounds of brass sheet and strip allegedly purchased instead from suppliers of Netherlands brass sheet and strip. * * * is a manufacturer of * * *. * * *, the purchasing agent for * * *, stated that his company purchases domestic product for some applications, but uses foreign product for applications where superior chemical and/or mechanical properties are needed. * * * would not confirm the specific countries from which he imports brass sheet and strip products, nor could he recall the specific lost-sale allegation. * * * said that his purchasing considerations, in order of importance, are quality, on-time delivery, and competitive price.

Purchaser 8.--* * * was cited in an allegation of a sale lost during *** involving *** pounds of brass sheet and strip allegedly purchased from suppliers of Japanese brass sheet and strip. * * * is a manufacturer of * * *, and purchases from *** to *** pounds of brass sheet and strip a year. The product provided to * * * must meet strict specifications. The purchaser for * * * did not recall the specific purchase of *** pounds, but does buy Japanese brass sheet and strip from importers. He stated that * * * purchases from foreign sources because the quality of the domestic product has declined and is no longer satisfactory. When he switched to the Japanese product, he was rejecting 10 to 15 percent of domestic brass sheet and strip. During the *** years * * * has purchased the Japanese product, they have not had to reject any of the material.

Purchaser 9.--* * * was cited in an allegation of a sale lost during ***, involving *** pounds of brass sheet and strip allegedly purchased instead from suppliers of Japanese brass sheet and strip. * * * is a manufacturer of * * *. The product provided to * * * must be of high quality. The purchaser for * * *, did not recall the specific purchase of *** pounds, but does buy Japanese brass sheet and strip from importers. * * * stated that the *** pound lost-sale allegation would constitute a very small purchase by him. He stated

that * * * purchases from foreign sources because the quality of the domestic product has declined and is no longer satisfactory, although there have been recent improvements in the quality of the domestic product. * * * stated that the decision to purchase from Japan was based on quality. He did state that he tries to buy domestic whenever quality is similar, especially since the domestic product tends to cost less than the Japanese product.

Purchaser 10.--* * * was cited in an allegation of revenues lost in *** on *** pounds of brass strip because of price competition from suppliers of Netherlands brass sheet and strip. The product provided to * * * must be of high quality. * * *, the purchasing agent for * * *, says he tries to buy domestic whenever feasible, but that the domestic product's quality is generally not as good as that of the Dutch or Japanese. * * * stated that he just placed his first order with an importer of Swedish brass sheet and strip because they have tighter tolerances than do the domestic producers. * * * did not indicate if domestic producers were forced to lower the price of their product because of competition from the Netherlands.

Purchaser 11.--* * * was cited in *** allegation of revenues lost in *** on *** pounds of brass sheet and strip because of price competition from suppliers of brass sheet and strip from the Netherlands, and in *** lost sales involving *** pounds--also from the Netherlands. * * *, purchasing agent for * * *, stated that * * * purchases brass strip from both domestic producers and from the Netherlands. * * * stated that the product from the Netherlands is better quality material. He also stated that the Dutch product is usually higher priced. * * * stated that a primary reason he purchases from the Netherlands is that they set the metal value at the date of order, and therefore he knows the total cost of purchase. He stated that in one of * * *'s products there is a *** percent scrap return. Because of domestic scrap buy-back programs * * * purchases domestic material for this product line.

Purchaser 12.--* * * was cited in *** allegation of revenues lost in *** on *** pounds of brass sheet and strip because of price competition from suppliers of brass sheet and strip from the Netherlands. * * *, vice president of * * *, stated that * * * purchases brass strip from both domestic producers and from the Netherlands. He stated that * * * purchases fine gauge brass and tube mill stock from the Netherlands and purchases tank and header stock from domestics. * * * stated that the product from the Netherlands is better quality material, with greater consistency of gauge, thereby causing less tooling adjustment. He also stated that the Dutch product is usually higher priced. * * * stated that the product from the Netherlands is used in different applications than is the product from domestic suppliers, and that therefore they are not in competition with one another. He stated that the domestics have not lowered their prices because of competition from the Netherlands.

Purchaser 13.--* * * was cited in *** lost sales allegation involving *** pounds from the Netherlands. * * *, materials manager for * * *, stated that he purchases brass strip from the Netherlands. * * * stated that the product from the Netherlands is better quality material, with greater consistency of gauge from one batch to another, thereby causing less tooling adjustment. He also stated that the Dutch product is usually priced about the same as the domestic product.

Purchaser 14.--* * * was cited in *** allegation of revenues lost in *** on *** pounds of brass sheet and strip because of price competition from suppliers of brass sheet and strip from the Netherlands. * * *, purchasing agent for * * *, stated that he has never purchased from the Netherlands, nor has he used them to get domestic suppliers to lower their prices. * * * says that * * * deals mostly with * * *. * * * produces * * *.

Purchaser 15.--* * * was cited in *** lost sales allegations involving *** pounds from Japan. * * *, president of * * *, stated that he did purchase brass strip from Japan. * * * stated that the product from Japan is better quality material. He also stated that the Japanese product is usually priced about the same as the domestic product.

Purchaser 16.--* * * was cited in *** lost sales allegations involving *** pounds from the Netherlands. * * *, purchasing manager for * * *, stated that he purchases brass strip from the Netherlands for specific * * * applications. * * * purchases thin gauge material from the Netherlands, and purchases thicker gauges, mainly * * * brass, from domestic producers. * * * stated that the product from the Netherlands is better quality material, with greater consistency of gauge from one batch to another, thereby causing less tooling adjustment. He also stated that the Dutch product is usually priced higher than the domestic product.

Purchaser 17.--* * * was cited in *** lost sale allegation involving * * * pounds from the Netherlands. * * *, vice president of purchasing for * * *, stated that he purchases brass strip from the Netherlands for certain * * * applications. * * * stated that the product from the Netherlands is better quality material, with greater consistency of gauge from one batch to another, thereby causing less tooling adjustment. Very thin material is utilized in high-speed production machinery to produce butt welded tubing. He stated that currently * * * of the Netherlands is their * * * source of this type of material. Greater thickness brass sheet and strip, or product with less stringent standards, is usually purchased from domestic sources. * * * also stated that the Dutch product is priced at a premium.

APPENDIX A

FEDERAL REGISTER NOTICES

[Investigations Nos. 731-TA-379 and 380 (Final)]

Certain Brass Sheet and Strip From Japan and The Netherlands

AGENCY: International Trade Commission.

ACTION: Revised schedule for the subject investigations.

EFFECTIVE DATE: March 21, 1988.

FOR FURTHER INFORMATION CONTACT: Tedford Briggs (202-252-1181), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

SUPPLEMENTARY INFORMATION: Effective February 1 (Japan) and February 8 (Netherlands), 1988, the Commission instituted the subject investigations and established a schedule for their conduct (53 FR 5474, February 24, 1988).

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Subsequently, the Department of Commerce extended the dates for its final determinations in the investigations from April 11 (Japan) and April 18 (Netherlands), 1988, to June 15 (Japan and the Netherlands), 1988 (53 FR 5207, February 22, 1988; and 53 FR 7771, March 10, 1988). The Commission, therefore, is revising its schedule in the investigations to conform with Commerce's new schedule.

The Commission's new schedule for the investigations is as follows: requests to appear at the hearing must be filed with the Secretary to the Commission not later than June 15, 1988; the public version of the prehearing staff report will be placed on the public record on June 14, 1988; the prehearing conference will be held in room 101 of the U.S. International Trade Commission Building on June 23, 1988, at 9:30 a.m.; the deadline for filing prehearing briefs is June 24, 1988; the hearing will be held in room 101 of the U.S. International Trade Commission Building on June 28, 1988, beginning at 9:30 a.m.; and the deadline for filing all other written submissions, including posthearing briefs, is July 6, 1988.

For further information concerning these investigations see the Commission's notice of investigations cited above and the Commission's Rules of Practice and Procedure, Part 207, Subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission.

Kenneth R. Mason,

Secretary.

Issued: March 22, 1988.

[FR Doc. 88-6965 Filed 3-29-88; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 731-TA-379 and 380 (Final)]

Certain Brass Sheet and Strip From Japan and the Netherlands

AGENCY: United States International Trade Commission.

ACTION: Institution of final antidumping investigations and scheduling of a hearing to be held in connection with the investigations./

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-379 (Final) (Japan) and 731-TA-380 (Final) (Netherlands) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Japan and the Netherlands of certain brass sheet and strip, [1] provided for in item 612.39 of the Tariff Schedules of the United States, that have been found by the Department of Commerce, in preliminary determinations, to be sold in the United States at less than fair value (LTFV). Unless the investigations are extended, Commerce will make its final LTFV determinations on or before April 11, 1988, for Japan and April 18, 1988, for the Netherlands. The Commission will conduct investigations Nos. 731-TA-379 and 380 (Final) concurrently and make its final injury determinations by May 31, 1988, (see sections 735(a) and 735(b) of the Act (19 U.S.C. 1673d(a) and 1673d(b))).

For further information concerning the conduct of these investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, subparts A and C (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR Part 201).

EFFECTIVE DATE: February 1, 1988.

FOR FURTHER INFORMATION CONTACT: Tedford Briggs (205-252-1181), Office of Investigations, U.S. International Trade Commission, 500 E. Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained by contacting the Commission's TDD terminal on 202-252-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-252-1000.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as a result of affirmative preliminary determinations by the

[1] For purposes of these investigations the term "certain brass sheet and strip" refers to brass sheet and strip, other than leaded brass and tin brass sheet and strip, of solid rectangular cross section over 0.008 inch but not over 0.188 inch in thickness, in coils or cut to length, whether or not corrugated or crimped, but not cut, pressed, or stamped to nonrectangular shape, provided for in items 612.3960, 612.3962, and 612.3966 of the *Tariff Schedules of the United States Annotated* (TSUSA). The chemical compositions of the products under investigation are currently defined in the Copper Development Association (CDA) 200 series or the Unified Numbering System (UNS) C20000 series. Products whose chemical compositions are defined by other CDA or UNS series are not covered by these investigations.

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Department of Commerce that imports of certain brass sheet and strip from Japan and the Netherlands are being sold in the United States at less than fair value within the meaning of section 731 of the act (19 U.S.C. 1673). The investigations were requested in petitions filed on July 20, 1987, by counsel on behalf of American Brass, Buffalo, NY; Bridgeport Brass Corp., Indianapolis, IN; Chase Brass & Copper Co., Solon, OH; Hussey Copper, Ltd., Leetsdale, PA; The Miller Company, Meriden, CT; Olin Corp.—Brass Group, East Alton, IL; and Revere Copper Products, Inc., Rome, NY; domestic producers of brass sheet and strip, and on behalf of International Association of Machinists and Aerospace Workers, Washington, DC; International Union, Allied Industrial Workers of America (AFL–CIO), Milwaukee, WI; Mechanics Educational Society of America (Local 56), Rome, NY; and United Steelworkers of America (AFL–CIO/CLC), Pittsburgh, PA. In response to those petitions the Commission conducted preliminary antidumping investigations and, on the basis of information developed during the course of those investigations, determined that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of the subject merchandise (52 FR 34324, September 10, 1987).

Participation in the investigations.—Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules (19 CFR 201.11), not later than twenty-one (21) days after the publication of this notice in the **Federal Register**. Any entry of appearance filed after this date will be referred to the Chairman, who will determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Service list.—Pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)), the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance. In accordance with §§ 201.16(c) and 207.3 of the rules (19 CFR 201.16(c) and 207.3), each document filed by a party to the investigations must be served on all other parties to the investigations (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service.

Staff report.—A public version of the prehearing staff report in these investigations will be placed in the public record on April 15, 1988, pursuant to § 207.21 of the Commission's rules (19 CFR § 207.21).

Hearing.—The Commission will hold a hearing in connection with these investigations beginning at 9:30 a.m. on April 28, 1988, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on April 14, 1988. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m. on April 21, 1988, in room 101 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs in April 25, 1988.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. Any written materials submitted at the hearing must be filed in accordance with the procedures described below and any confidential materials must be submitted at least three (3) working days prior to the hearing (see § 201.6(b)(2) of the Commission's rules (19 CFR 201.6(b)(2))).

Written submissions.—All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 of the Commission's rules (19 CFR 207.22). Posthearing briefs must conform with the provisions of section 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on May 4, 1988. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before May 4, 1988.

A signed original and fourteen (14) copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules (19 CFR 201.6)

Authority. These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission.

Issued: February 17, 1988.

Kenneth R. Mason,

Secretary.

[FR Doc. 88-3919 Filed 2-23-88; 8:45 am]

BILLING CODE 7020-02-M

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fair value. The U.S. International Trade Commission (ITC) will determine within 54 days of publication of this notice whether these imports are materially injuring, or are threatening material injury, to a United States industry.

EFFECTIVE DATE: June 22, 1988.

FOR FURTHER INFORMATION CONTACT: Thomas Moir or Rick Herring, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14 Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-5050 or (202) 377-0187.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that brass sheet and strip from the Netherlands are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). The estimated weighted-average margins are shown in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

On February 2, 1988, we made an affirmative preliminary determination (53 FR 3612, February 8, 1988). The following events have occurred since the publication of that notice.

On February 17, 1988, Metallverken Nederland B.V. (MN), the respondent in this case, requested that the Department extend the period for its final determination until June 15, 1988. In accordance with section 735(a)(2)(A) of the Act, the Department granted this request, and postponed its final determination until not later than June 15, 1988 (53 FR 7771, March 10, 1988).

Questionnaire responses from MN were verified in The Netherlands from March 14–18, in Sweden from March 21–23, and in Glendale Heights, Illinois from April 11–15, 1988.

On May 11, 1988, the Department held a public hearing. Interested parties also submitted comments for the record in their pre-hearing briefs of May 5, 1988, and in their post-hearing briefs of May 19, 1988.

Scope of Investigation

The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass sheet and strip, currently provided for under the *TSUSA* item numbers 612.3960, 612.3982, and 612.3986, and currently classifiable under HS item numbers 7409.21.00.50, 7409.21.00.75, 7409.29.00.50, and 7409.29.00.75.

The chemical compositions of the products under investigation are currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are defined by other C.D.A. or U.N.S. series are not covered by this investigation.

The physical dimensions of the products covered by the investigation are brass sheet and strip of solid rectangular cross section over 0.005 inches (0.15 milimeters) through 0.188 inches (4.8 millimeters) in finished thickness or gauge, regardless of width. Coiled, wound on reels (traverse wound) and cut-to-length products are included.

Period of Investigation

The period of investigation is February 1, 1987 through July 31, 1987.

Such or Similar Comparsions

We have determined that all of the brass sheet and strip under investigation constitute the same class or kind of merchandise and that differences between types of brass within the scope of investigation are not significant enough to warrant separate "such or similar" categories. Therefore, the brass sheet and strip under investigation were considered one "such or similar" category.

In order to select the most similar products, we made comparisions of merchandise based on grade (chemical composition), gauge, width, coating (tinned or non-tinned), temper and packed form (coil or traverse-wound).

For merchandise where there were no identical products with which to compare a product sold to the United States, we made adjustments to similar merchandise to account for differences in the physical characteristics of the merchandise, in accordance with section 773(a)(4)(C) of the Act.

Fair Value Comparisons

To determine whether sales of brass sheet and strip from The Netherlands to the United States were made at less than fair value, we compared the United States price to the foreign market value as specified below.

United States Price

Purchase Price

As provided in section 772(b) of the Act, we used the purchase price to represent the United States price for sales of brass sheet and strip made by MN through related and unrelated sales agents in the United States to an unrelated purchaser prior to importation of the merchandise into the United

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International Trade Administration

[A-421-701]

Final Determination of Sales at Less Than Fair Value: Brass Sheet and Strip From the Netherlands

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

ACTION: Notice.

SUMMARY: We have determined that brass sheet and strip from The Netherlands are being, or are likely to be, sold in the United States at less than

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States. The Department determined that purchase price and not exporter's sales price was the most appropriate indicator of United States price based on the following elements.

1. The merchandise was purchased or agreed to be purchased prior to the date of importation from the manufacturer or producer of the merchandise for exportation to the United States.

2. The related and unrelated selling agents located in the United States acted only as processors of sales-related documentation and as communication links with the unrelated U.S. buyers.

3. Rather than entering into the inventory of the related or unrelated selling agents, the merchandise in question was shipped directly from the manufacturer to the unrelated buyers. Thus, it did not give rise to storage and associated costs on the part of the selling agents or create flexibility in marketing for the exporter.

4. Direct shipments from the manufacturer to the unrelated buyers were the customary commercial channel for sales of this merchandise between the parties involved.

We calculated purchase price based on the packed, delivered, duty paid prices to unrelated customers in the United States. We made deductions from purchase price, where appropriate, for point-to-point freight, point-to-point insurance, U.S. brokerage and handling, and U.S. duty in accordance with section 772(d)(2) of the Act. We also deducted year-end rebates.

Exporter's Sales Price

Where the brass sheet and strip were imported into the United States by a related importer before being sold to the first unrelated party, we treated such sales as exporter's sales price sales.

To calculate exporter's sales price, we used the packed, delivered or ex-works, duty paid prices of brass sheet and strip to unrelated purchasers in the United States. We made deductions, where appropriate, for point-to-point freight, point-to-point insurance, U.S. duty, and U.S. brokerage and handling.

We made deductions under § 353.10(e)(2) of our regualtions for direct and indirect selling expenses incurred by or for the exporter in selling brass sheet and strip in the United States. Indirect selling expenses were comprised of indirect selling expenses incurred outside the United States, indirect selling expenses of the related reseller in the United States, and inventory carrying costs. Where appropriate, U.S. credit, U.S. warranty, and U.S. warehousing expenses were deducted as direct selling expenses. Pursuant to § 353.10(e)(1) of our regulations, we also deducted, where appropriate, commissions paid to unrelated parties. The total of the indirect expenses and commissions formed the cap for the allowable home market indirect selling expenses offset under § 353.15(c) of our regulations.

For exporter's sales price sales involving further manufacturing, pursuant to § 353.10(e)(3) of our regulations, we deducted all value added to the subject merchandise in the United States plus a proportional amount of the profit or loss on the U.S. sale that was attributable to further manufacturing.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on the packed, delivered or ex-works prices to unrelated customers in the home market. We made deductions from the home market price, where appropriate, for inland freight and insurance, warranty expenses, credit expenses, and quantity discounts actually granted. Where appropriate, we made additions to the home market price for quantity and scraps extras.

In order to adjust for differences in packing between the U.S. and home markets, we deducted the home market packing cost from the foreign market value and added U.S. packing costs.

We made further adjustments to the home market price to account for differences in the physical characteristics of the merchandise in accordance with section 773(a)(4)(C) of the Act.

Where U.S. price was based on purchase price, we made adjustments under § 353.15 of our regulations for differnces in credit and warranty expenses in the United States and home market. We offset commission paid on U.S. purchase price sales with indirect selling expenses in the home market in accordance with § 353.15(c) of our regulations.

Where U.S. price was based on exporter's sales price, we deducted indirect selling expenses in the home market to offset United States selling expenses, in accordance with § 353.15(c) of our regulations. Respondent made a claim for technical services. We treated these technical service expenses as indirect selling expenses because they were non-variable in nature and, thus did not qualify as direct selling expenses.

Currency Conversion

For comparisons involving purchase price transactions, we used the official exchange rates in effect on the dates of sale, in accordance with § 353.56(a)(1) of the Commerce Regulations. For comparison involving exporters's sales price transactions, we used the official exchange rates in effect on the dates of sale, in accordance with section 733(a)(1) of the Act, as amended by section 615 of the Trade and Tariff Act of 1984. All currency conversions were made at the rates certified by the Federal Reserve Bank of New York.

Verification

As provided in section 776(a) of the Act, we verified the information used in reaching the final determination in this investigation. We used standard verification procedures including examination of all relevant accounting records and source documentation.

Interested Party Comments

Comment 1: The respondent states that the Department should make a metal price adjustment to take into account the effect of dramatic metal price fluctuations on sales made during the period of investigation. It alleges that differences in metal fixing dates (and thus differences in metal cost) constitute differences in circumstances of sale which result in price differentials, bear a direct relationship to the sales which are under consideration, and readily quantifiable.

Petitioners claim that making a circumstance of sale adjustment to account for variations in metal value would be contrary to the statute, statutory intent and the Department's regulations.

DOC Position: We recognize that this investigation differs from the previous brass investigations (where the Department did not make an adjustment for metal value) in that the metal portion of total price hs been subject to dramatic fluctuations throughout 1987 (roughly 70% over the entire year as measured by London Metal Exchange prices). Moreover, we have verified that the metal portion of price is a pass-though and that the metal fixing date is chosen by the customer and, thus, is beyond MN's control. Therefore, in order to minimize the distortions form day-to-day changes in the prices of copper and zinc (as determined by different metal fixing dates), we have created separate foreign market values to correspond to the following periods (as defined by the metal fixing date): February 1 through June 30, 1987, July 1 through October 31, 1987, and November 1 through December 31, 1987. In all cases, a U.S. sale with a metal fixing date in a certain period was compared to a foreign market value comprised of home market sales with a metal fixing

date within the same period. These periods were chosen, because within each period, metal prices were relatively stable.

Comment 2: The respondent argues that the Department should allow two types of quantity adjustments in this investigation. One such adjustment is based on additional costs it claims it incurs for producing small order sizes in the home market. Another adjustment is based on quantity discounts that are given on large order sizes in the home market.

Pettioners urge the Department to reject both of the respondent's quantity adjustment claims because MN has not shown a clear correlation between price difference and the quanitites sold nor demonstrated that it sells its product in larger quantities in the United States than in the home market.

DOC Position: In our view, the controlling requirement of § 353.14 is that, to be eligible for a quantity-based adjustment, a respondent must demonstrate a clear and direct correlation between price differences and quantities sold or costs incurred. This requirement applies equally to an allowance for quantity differences under the six month rule (§ 353.14(b)(1)) or the cost justification requirement (§ 353.14(b)(2)). Under § 353.14(b)(1) (The six month rule), it is not sufficient that, during the period of investigation, the respondent merely granted discounts of at least the same magnitude with respect to 20 percent or more of such or similar merchandise sold in the ordinary course of trade in the market used to establish foreign market value, the exporter must also demonstrate, using evidence such as a price list or quantity discount schedule, that it gave discounts on a uniform basis and that such discounts were available to substantially all home market customers. With regard to a cost-based adjustment, the exporter must demonstrate that the discounts are warranted on the basis of savings which are specifically attributable to the production of the different quantities involved.

In this case, we have verified that MN gives discounts based on quantities purchased by the two home market customers with which it has long-term contracts. The quantity discount schedules and quantity extra schedules contained in those contracts are the most accurate means by which to measure any possible link between quantities produced or costs incurred and prices.

We have determined that these quantity discount schedules do not meet the requirements of § 353.14. This is because the schedules are not uniform. Not only do the schedules apply only to these two home market customers, but the schedules in the relevant contracts do not contain the same discounts.

Given the facts in this case, it is our view that the discounts are part of MN's negotiations on a customer-specific basis. They are neither uniform nor available to all home market customers. Moreover, because of the lack of uniformity and availability of these quantity discount and extra schedules, MN has failed to establish that the higher slitting costs it incurs in producing smaller orders are reflected in these schedules. Accordingly, we have disallowed MN's claim for an adjustment for differences in quantities.

Comment 3: The respondent alleges that the use of "best information available" to estimate labor and overhead for packing in the preliminary determination duplicated costs already accounted for, thus resulting in double counting.

Petitioners state that the same amount for the labor and overhead portion of packing used by the Department in its preliminary determination should be used in the final determination. This factor was based on petitioners' knowledge of these labor and overhead costs.

DOC Position: We have verified that labor and overhead expenses associated with the U.S. subsidiary's (MINC's) packing costs were fully absorbed costs accounted for in MINC's further manufacturing expenses. Therefore, for U.S. sales made through MINC, we have not used "best information available" to determine labor and overhead associated with MINC's packing costs. However, given that MN was unable to account separately for labor and overhead relating to packing from MN to the customer (in direct sales to both U.S. and home market customers), we have continued to use the "best information available" in calculating that portion of packing costs in our final determination.

Comment 4: The respondent states that certain scrap transformation sales which were excluded from the Department's analysis for the preliminary determination should be included in the final determination because they constitute sales of such or similar merchandise in the home market. The price of these sales was based only on the fabrication portion of total price. MN suggests that because the same customer also purchases brass from MN on a non-scrap transformation basis, the metal prices in those sales could be used to establish an imputed metal price for the scrap transformation sales.

Petitioners state that these scrap transformation sales should not be used for comparison purposes because they are similar to tolled sales in that the metal portion of the price was based on the scrap credit pool rather than on a separate mechanism for determining metal price.

DOC Position: We disagree with petitioners in that the scrap transformation sales at issue are not tolled sales. Nevertheless, under the terms of the relevant contract, the metal portion of price for non-transformation sales can be fixed from several months prior to shipment up to the shipment date. Because metal can be fixed over such a long period of time, sales to this customer where the metal price component is fixed cannot be used to accurately impute a metal price for sales to this customer where there is no fixed metal price. Accordingly, we have not used these sales for purposes of making our product comparisons.

Comment 5: Petitioners state that MN's home market scrap handling expenses should not be allowed for the final determination because such expenses are fixed expenses that relate to the future use of the scrap and cannot be tied directly to sales of brass destined solely for the home market as opposed to the U.S. market.

The respondent states that petitioners' position is based on an erroneous assumption that scrap is used to make copper and bronze, as well as brass. Moreover, MN states that the scrap handling costs are at least as directly related to the sales under consideration as are warranty costs, and are incurred specifically because of a term of sale provided in certain orders, namely scrap return.

DOC Position: We agree with the petitioners that scrap handling expenses as reported cannot be tied directly to the sales made during the period of investigation. However, during verification, MN was able to demonstrate that scrap return provisions are a term of sale included in home market contracts negotiated both before and during the period of investigation. Therefore, we consider actual scrap handling expenses incurred during the period on material sold prior to the period as a reasonable proxy for scrap handling expenses incurred on products actually sold during the period. Because these expenses are non-variable and would have been incurred regardless of whether a sale had been made, we view them as indirect selling expenses, and have treated them accordingly. We have reallocated half of these expenses (to represent the six month period of

investigation) over the total shipments made during the period of investigation pursuant to these contracts. We view such a reallocation as more accurate and reasonable than MN's method of allocating yearly scrap handling expenses over total scrap returned during the year.

Comment 6: Petitioners have stated that tinning should be elevated to the primary echelon of criteria when matching home market and U.S. sales, and thus, brass products that are tinned in The Netherlands and then exported to the United States should be compared with the home market product that is most similar to the merchandise sold in the home market (i.e., tinned).

The respondent states that tinned sales to the home market were not made in sufficient quantity to provide an adequate basis for comparison with exports of tinned material to the United States. Further, MN argues that U.S. tinned and home market tinned sales are not comparable because U.S. tinned material is made by a different tinning process than home market tinned sales.

DOC Position: We agree with the petitioners that U.S. tinned sales should be compared with home market tinned sales whenever possible. We feel that the quantity of home market tinned sales is sufficient to provide an adequate comparison with exports of tinned material to the United States. Moreover, during verification, MN was unable to demonstrate that it incurred different tinning costs in producing the tinned product for the U.S. market as opposed to the home market. Accordingly, using the criteria mentioned in the "Such or Similar Comparisons" section of this notice, we have attempted to match U.S. tinned sales with comparable home market tinned sales whenever possible.

Comment 7: Petitioner's state that MN's claimed difference in merchandise adjustment for differences in coil size for U.S. and home market customers should be rejected because this adjustment is based on estimates of slitting time and take-off time.

The respondent rebuts petitioner's arguments by stating that MN has provided information concerning slitting time and take-offs at verification, and that the information in the verification report does not support MN's conclusions that the average coil supplied to the U.S. is larger than the average home market coil size.

DOC Position: We agree with the petitioners. Although MN was able to demonstrate that the average coil size for U.S. radiator strip customers was larger than that for home market customers, it did not provide any documentation to substantiate the reported slitting times and number of take-offs.

Comment 8: Petitioners allege that MN's claimed difference in merchandise adjustment for home market double annealed strip should be rejected because MN has stated that certain U.S. customers also require double annealed material. Petitioners state that MN should be penalized for not properly identifying all sales to which this adjustment applies.

DOC Position: During verification, MN was able to demonstrate that it did sell double annealed material in both the United States and the home market during the period of investigation, and that the verified difference in merchandise adjustment for double annealed strip applies equally to U.S. and home market sales. Moreover, such material was reported in the U.S. sales listings (and computer tapes) used in the Department's preliminary determination.

Comment 9: Petitioners state that the "general sales factor" portion of MN's indirect selling expenses claim should not be included as part of MN's home market selling expenses because this factor is derived by dividing the budgeted costs for sales to the rest of the world (excluding the home market) by total sales of all products.

DOC Position: We disagree with the petitioners. Expenses verified as part of this "general expense factor" were indirect selling expenses related to sales in all markets.

Comment 10: Petitioners state that Metallverken A.B.'s interest rate should be used on ESP sales because MINC did not actually have any short-term borrowing during the period of investigation and because MINC has listed substantial parent company loans on its financial statements.

The respondent alleges that petitioners' argument is inconsistent with the rationale for imputed interest adjustments, because imputed interest as applied by the Department is theoretical interest and does not depend upon the amount, or even existence, of actual borrowings.

DOC Position: During verification, MN was able to demonstrate that its related U.S. subsidiary (MINC) was the entity which was responsible for extending credit on ESP sales. For the ESP sales verified, we found no evidence to suggest that the payment from MINC to MN for material sold to a particular U.S. ESP customer was dependent upon MINC first being paid by the customer. Moreover, the Department verified that MINC had an established line of credit with a U.S. bank. Finally, during verification, we found no evidence to suggest that the parent company loans listed in MINC's financial statements were used for financing its U.S. sales. Accordingly, we have used MINC's short-term borrowing rate to derive ESP credit costs.

Comment 11: Petitioners state that for sales made on a consignment basis, the Department should consider the period from shipment by MN to payment by the customer as a direct, post-sale credit expense.

DOC Position: We have verified that U.S. consignment sales are made under long-term contracts where the terms of sale are agreed upon before the merchandise is sent to the purchaser's warehouse and where the purchaser must accept and pay for all material ordered for consignment. Consistent with our decision in the final determination of *Brass Sheet and Strip from the Federal Republic of Germany* (52 FR 822, January 9, 1987), we consider the period from shipment to payment on consignment sales as a post-sale direct credit expense.

Comment 12: Petitioners state that for blanket order sales, the credit cost of carrying the merchandise from the time MINC receives the shipment until payment is made by the customer should be treated as a direct selling expense.

DOC Position: We verified that this merchandise is distinct from regular stock in that it is produced to the customer's specifications and the customer is committed to accept and pay for all material covered by this order. As such, we view this as a post-sale warehousing service extended by MINC to this customer that is similar to a consignment agreement. Thus, for U.S. sales made pursuant to this blanket order, we have treated the time between when the merchandise enters MINC's warehouse and the time when payment is made as a post-sale direct credit expense.

Comment 13: Petitioners state that the Department should make an adjustment for the post-sale cost of physically warehousing material on MINC blanket order sales.

DOC Position: We agree with petitioners, and have made an adjustment for the post-sale cost of physically warehousing material using the verified warehousing costs submitted as part of MN's further manufacturing expenses.

Comment 14: Petitioners state that the department's verification demonstrated that MN incurred technical service expenses on U.S. sales, although virtually no technical service expenses were incurred on home market sales.

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Thus, a deduction should be made to U.S. price for this direct selling expense, although no adjustment should be made to home market sales for technical services.

The respondent contends that technical service expenses are not directly related to particular sales and, therefore, do not constitute deductible direct selling expenses.

DOC Position: We verified that the technical service expenses claimed are non-variable and would have been incurred regardless of whether any particular sale would have been made. Therefore, we have treated these expenses in both markets as indirect selling expenses.

Comment 15: Petitioners state that the verification report does not indicate whether there was a written agreement acknowledging that MN or MINC would accept returned materials. They allege that warranty claims are not valid without such an agreement because otherwise acceptance of returned materials could simply be a goodwill gesture on the part of the seller. Petitioners also state that the Department should not deduct MN mill credits from MINC's warranty costs because these credits were nevertheless a selling expense incurred by the company as a whole.

The respondent states that the mill credits issued by MN to MINC already are treated in the verification report as MN warranty costs and, thus, were correctly deducted in calculating MINC's warranty cost in the verification report.

DOC Position: Petitioners are incorrect that warranty claims must be stipulated in writing. We verified that it is MN's standard company practice to accept back defective merchandise and that MN incurs a verifiable cost for doing so. Moreover, we also verified that the mill credits issued by MN to MINC are included as part of MN's warranty costs.

Comment 16: The respondent has stated that during verification it advised the Department that there were no unallocated line items recorded outside the period of investigation related to sales during the period. MINC normally allocates one-time payments over the entire year. However, MINC's treatment of directors' fees and other taxes was an exception to this general rule. The respondent states that while these expenses were expensed during the period of investigation, it would be fair and nondistorting to spread directors' fees, payroll taxes, and other taxes over a twelve-month period.

Petitioners allege that acceptance of MN's position would be inconsistent with generally accepted accounting principles and the total amount of directors' fees, payroll taxes, and other taxes should be included in calculating MINC's U.S. selling expenses and general and administrative expenses.

DOC Position: We view fully absorbed selling expenses as expenses that are indirectly related to the sales included in the period of investigation. Thus, we have included director's fees, payroll taxes, and a portion of other taxes as part of MINC's selling expenses. However, we view that portion of other taxes that is a penalty and fee for incorporation in 1979 as an organizational expense. Because organizational expenses are amortized over a five year period, this portion of other taxes would have been expensed prior to the period of investigation and, thus, would have no effect on the current costs.

Comment 17: Petitioners state that best information available should be used in estimating freight expenses from MINC to its outside tinner on material tinned in the United States because neither MINC nor the verification report indicate who incurs such freight charges. In this instance, petitioners state that the best information available is the freight cost reported by MINC on its ESP sales transactions.

The respondent states that this material was transported by MINC truck. The cost of MINC's trucking department was treated as an overhead cost and, in calculating MINC's distribution expense, was allocated over all brass delivered to customers by MINC truck.

DOC Position: We agree with the respondent. We verified that all brass delivered by MINC truck (including that sent to the outside tinner) was used in deriving MINC's distribution expenses.

Comment 18: Petitioners state that MN's reported profit calculation on further manufacturing should be rejected for the final determination because the basis for this calculation was a transfer price between related parties.

DOC Position: MN has not established that the transfer price between MN and MINC is an arm's length price. Accordingly, we have derived a methodology for allocating the total profit on further manufactured sales to that portion of the profit represented by the value added in the United States.

Continuation of Suspension of Liquidation

In accordance with sections 733(d) and 735(c) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of brass sheet and strip from The Netherlands that are entered or withdrawn from warehouse, for consumption, on or after February 8, 1988, the date of publication of our preliminary determination. The U.S. Customs Service shall require a cash deposit or posting of a bond equal to the estimated amounts by which the foreign market value of brass sheet and strip from The Netherlands exceeds the United States price as shown below. This suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Manufacturer/producer/exporter	Weighted-average margin percentage
Metallverken Nederland, B.V.	16.99
All others	16.99

This continuation of suspension of liquidation covers imports of brass sheet and strip meeting the definition outlined in the "Scope of Investigation" section of this notice.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. However, if the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs offices to assess an antidumping duty on brass sheet and strip from the Netherlands entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds U.S. price

This determination is published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

June 15, 1988.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 88-13964 Filed 6-21-88; 8:45 am]

BILLING CODE 3510-DS-M

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International Trade Administration

[A-588-704]

Final Determination of Sales at Less Than Fair Value; Brass Sheet and Strip from Japan

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that brass sheet and strip from Japan are being, or are likely to be, sold in the United States at less than fair value. The U.S. International Trade Commission (ITC) will determine within 45 days of publication of this notice, whether these imports are materially injuring, or are threatening material injury, to a United States industry.

EFFECTIVE DATE: June 21, 1988.

FOR FURTHER INFORMATION: Contact Michael J. Ready or David J. Goldberger, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-2613 or 377-4136.

SUPPLEMENTARY INFORMATION:

Final Determination

We have determined that brass sheet and strip from Japan are being, or are likely to be, sold in the United States at less than fair value, as provided section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673b) (the Act). The estimated weighted-average margins are shown in the "Continuation of Suspension of Liquidation" section of this notice.

Case History

Since our notice of an affirmative preliminary determination (53 FR 2771, February 1, 1988), the following events have occurred:

On February 4 and February 8, 1988, Nippon Mining Co. (NMC) and Sambo Cooper Alloy, Co. Ltd. (Sambo), respectively, requested a postponement of the final determination until not later than 135 days after the date of publication of the preliminary determination. On February 17, 1988, in accordance with section 735(c)(2)(A) of the Act, we postponed the final determination until June 15, 1988 (53 FR 5207, February 22, 1988).

On December 24, 1987, petitioners alleged that NMC's home market sales were being made at prices below the cost of production and requested that we initiate an investigation of the allegation. Given the timing of the filing of the allegation, we were unable to consider it for the preliminary determination. Based on analysis of home market prices and the information submitted by petitioners in support of their allegation, we initiated an investigation of sales below cost of production for NMC.

We issued a cost of production questionnaire to NMC on January 25, 1988. On February 16, 1988 NMC advised the Department it would not respond to our cost of production questionnaire.

Verification of the questionnaire response submitted by Sambo was conducted in Japan during March 1988.

On April 5, 1988, NMC advised us that it would forgo verification of its U.S. sales.

A public hearing was not requested. Final comments were submitted by the petitioners and Sambo.

Scope of Investigation

The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass and strip, currently provided for under the *TSUSA* item numbers 612.3960, 613.3982, and 612.3986, and currently classifiable under HS item numbers 7409.21.0050, 7409.21.0075, 7409.29.0050, and 7409.29.0075.

The chemical compositions of the products covered by the investigation are currently those of the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are covered by other C.D.A. or U.N.S. series are not covered by this investigation.

The physical dimensions of the products covered by the investigation are brass sheet and strip of solid rectangular cross section greater than 0.006 inches (0.15 millimeters) but not exceeding 0.188 inches (4.8 millimeters) in finished thickness or gauge, regardless of width. Coiled, wound on reels (traverse wound) and cut-to-length products are included.

Period of Investigation

As stated in our preliminary determination, the period of investigation is February 1, 1987 through July 31, 1987, except for Sambo, for which we extended the period of investigation back to October 1, 1986, as permitted by 19 CFR 353.38(a).

Such or Similar Comparisons

We have determined that all of the brass sheet and strip covered by the investigation constitute the same class or kind of merchandise and differences between types of brass are not significant enough to warrant separate "such or similar" comparisons.

In order to select the most similar products, we made comparisons of merchandise based on grade (chemical composition), gauge, width, coating (tinned or nontinned), temper, surface finish, and packed form (coil, cut-to-length or traverse-wound).

For merchandise where there were no identical products with which to compare a product sold to the United States, we made adjustments for differences in the physical characteristics of the merchandise in accordance with section 773(a)(4)(C) of the Act.

Fair Value Comparisons

To determine whether sales of brass sheet and strip from Japan to the United States were made at less than fair value, we compared the United States price to

the foreign market value as specified below. Two companies, Mitsubishi Shindoh Co., Ltd. and Kobe Steel, Ltd., failed to respond to our questionnaire. When a company fails to respond, we have determined, in accordance with section 776(b) of the Act, that it is appropriate for this final determination to assign to that company the highest margin among (1) the company-specific margins in the petition, (2) the margin for the respondent with the highest margin of all respondents that supplied adequate and verified responses, or (3) the margin calculated for NMC using petitioners' constructed value information, as described below. We have applied this methodology to the companies in question.

As described above in the "Case History" section, NMC did not respond to our cost of production questionnaire. Subsequently, NMC informed us that it would not permit verification of its U.S. sales response. Because of NMC's actions, and in the absence of verified information, we used the best information available under section 776(b) of the Act, as described below.

United States Price

Because all sales were made directly to unrelated parties prior to importation into the United States, we based the United States price on purchase price, in accordance with section 772(b) of the Act.

NMC

United States price is based on best information available as reflected by information contained in NMC's responses. We made deductions for ocean freight and marine insurance.

Sambo

We calculated purchase price based on the packed c. & f. or c.i.f. duty unpaid prices to unrelated customers in the United States. We made deductions from purchase price, where appropriate, for foreign inland freight, export brokerage, ocean freight, and marine insurance, in accordance with section 772(d)(2) of the Act. We made an addition to purchase price for duty drawback (i.e., import duties which were not collected by reason of the exportation of the merchandise to the United States) pursuant to section 772(d)(1)(B) of the Act.

Sambo's credit expense calculation for U.S. sales was inconsistent with Departmental practice. We recalculated credit expense based on the number of days from invoice date to payment date. At verification, we confirmed that the reported shipment date was the invoice date, which was on or about the bill of lading date for ocean shipment. (See also our response to Comment 5.)

Foreign Market Value

NMC

Foreign market value is based on best information available as reflected in constructed value information submitted by petitioners. We added the cost of U.S. packing as contained in NMC's response.

Sambo

In accordance with section 773(a) of the Act, we calculated foreign market value based on packed delivered prices to unrelated customers in the home market. We made deductions from the home market price, where appropriate, for inland freight. In order to adjust for differences in packing between the U.S. and home markets, we deducted the home market packing cost from the foreign market value and added U.S. packing costs.

We made adjustments to the home market price, where appropriate, for differences in credit expenses, pursuant to 19 CFR 353.15. We made further adjustments to the home market price to account for differences in the physical characteristics of the merchandise in accordance with section 773(a)(4)(C) of the Act.

We calculated credit expenses based on the number of days from shipment date to payment date. (See also our response to Comment 4.)

Sambo claimed a quantity surcharge adjustment for certain home market sales. We disallowed this claim because it could not be verified.

Currency Conversion

We made currency conversions in accordance with 19 CFR 353.56(a)(1). All currency conversions were made at rates certified by the Federal Reserve Bank of New York.

Verification

As provided in section 776(a) of the Act, we verified all information used in reaching the final determination in this investigation. We used standard verification procedures including examination of all relevant accounting records and source documents.

Interested Party Comments

Comment 1

Petitioners contend that as "best information otherwise available," the Department should base its dumping margin for NMC on constructed value calculations submitted by petitioners for foreign market value, and on NMC's reported U.S. sales prices for U.S. price. Petitioners reason that, as NMC failed to respond to the Department's cost of production questionnaire, the Department should assume that the margins calculated in the petition understate the actual extent of dumping by NMC during the period of investigation. Accordingly, sales at less than fair value calculations should be based on information submitted for the record.

Petitioners also contend that if the NMC rate using the constructed value information is higher than the rates alleged in the petition for the companies which did not respond to our questionnaire, the NMC rate should be used for them as best information available.

DOC Position

We have used the best information available that reflects appropriate adverse assumptions. As the Department initiated a cost of production investigation on NMC's sales to the home market, petitioners' constructed value information submitted for the record as part of their below cost sales allegation was used as "best information otherwise available" for foreign market value in light of NMC's refusal to respond to our questionnaire. For United States price, the Department utilized NMC's questionnaire response. The use of the response as best information available, where appropriate, is consistent with *Amorphous Silica Filament Fabric from Japan* (52 FR 28033, July 27, 1987).

Consistent with our approach of making adverse assumptions for nonresponding companies, we have used the NMC rate as best information available for Mitsubishi Shindoh Co., Ltd. and Kobe Steel, Ltd.

Comment 2

Petitioners contend that Sambo's questionnaire responses have been incomplete and inaccurate. They claim that Sambo has been nonresponsive to the Department's requests and that the verification report identified numerous errors and discrepancies. Accordingly, petitioners believe the Department should reject Sambo's response and use the best information otherwise available in the final determination.

Sambo states that the Department's verification confirmed that no discrepancies existed for the vast majority of information it submitted. The errors discovered at verification were, Sambo contends, minor and not sufficient to invalidate or discredit the response.

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DOC Position

We agree with the respondent. Sambo responded to our information requests and its response was properly verified with no discrepancies serious enough to warrant rejection of the entire response.

Comment 3

Petitioners allege that Sambo has overstated its duty drawback claim by not factoring in any scrap usage. They contend that the statute allows a reduction to U.S. price only for the amount of import duties actually imposed on merchandise used as input to the exported product under investigation. While Japanese law may permit Sambo to claim a full duty drawback as if all the input material were imported virgin metal, petitioners hold that U.S. law only allows for the drawback to the extent the exempted input is used in the finished product. Therefore, Sambo's claim must be adjusted to account for the use of imported scrap, which is not dutiable under Japanese law. In the absence of a virgin to scrap materials ratio provided by Sambo, petitioners advocate reducing the duty drawback amount by a ratio reflecting U.S. industry experience.

Sambo contends that it properly reported its duty drawback claim under Japanese law, which allows for the substitution of domestic goods (including internally generated scrap) for imported goods such as virgin metal.

DOC Position

We agree with the respondent. Sambo demonstrated that its claim is in conformity with Japanese law and section 772(d)(1)(B) of the Act. Under the principle of substitution, as discussed in *Acrylic Film, Strips and Sheets from Taiwan* (49 FR 10968, March 23, 1984) and *Sugar and Syrups from Canada* (46 FR 27985, May 22, 1981), a company may substitute foreign dutiable inputs for domestic nondutiable inputs for drawback purposes. We note also that even under the petitioners' assumptions, most of the scrap involved in brass sheet and strip manufacture is generated during the production process and, in turn, most likely originated as imported virgin metal. Any nondutiable imported scrap used by Sambo would constitute a small percentage of its total inputs, not affecting Sambo's full drawback claim.

Comment 4

Petitioners challenge Sambo's home market credit claim on the basis that the Department's verification showed that Sambo's response contained the date payment was due, rather than the date Sambo actually received payment. Since the Department cannot use its credit formula to obtain the correct credit expense, petitioners contend that Sambo's home market credit claim should be denied.

Sambo contends its home market credit claim was reported using a reasonable methodology, as allowed by Department policy, and to calculate actual payment for the thousands of home market sales would constitute an unreasonable burden to Sambo.

DOC Position

While the Department did not accept Sambo's method of calculating credit expenses for home market sales, we were able to recalculate this amount based on verified information. To compute the number of days credit was outstanding, we took the time between date of shipment and the date of payment reported by the respondent.

With respect to petitioners' concern, we note that the date of payment reported by Sambo would generally reflect a shorter period of time that credit was extended, and thus a lower credit claim, than if Sambo had calculated its credit claim based on the actual days that payment was outstanding.

Therefore, use of respondent's date of payment reflects a conservative calculation of home market credit expense.

Comment 5

Petitioners argue that the date of the merchandise actually left the factory should be used as shipment date for calculating the credit adjustment on U.S. sales, rather than the invoice date reported by Sambo in its response.

Sambo states that the invoice date is the only date which can represent a single date of shipment, since an order is produced over a period of time, shipped in segments to a bonded warehouse pending completion of an order, then invoiced and shipped to the overseas customer. Sambo contends it would be unreasonable to calculate credit from the date an initial shipment is made pursuant to an order, as this methodology would simply penalize Sambo for storing merchandise at its customs broker's off-site warehouse, rather than on Sambo's own premises.

DOC Position

We agree with Sambo and used invoice date as shipment date for purposes of calculating credit. We impute credit for the period that the seller has neither possession of the goods nor a claim for payment. In this case, while the manufactured goods have physically left Sambo's plant, the broker merely acts as Sambo's contracted agent for warehousing and arranging ocean shipment of the goods. Sambo maintains responsibility for the goods and still has an obligation to supply the buyer with the ordered product. Should the goods be destroyed prior to invoicing, Sambo has no claim on the purchaser for payment and incurs the cost of replacing the warehoused goods. Under these circumstances, Sambo has maintained effective possession of the goods. Sambo's invoice date generally corresponds to bill of lading date and is ususally the date the goods are removed from the bonded warehouse and loaded into the ship. It is from this point, that Sambo has claim on the purchaser for payment. See *Steel Wire Rope from Korea* (48 FR 41615, 41617, September 16, 1983).

Comment 6

Petitioners argue that the Department should make a circumstance of sale adjustment to Sambo's U.S. sales for warehousing expenses incurred while U.S.-bound merchandise is stored in bonded warehouses prior to shipment. Since Sambo did not provide this cost information, petitioners contend that an amount based on U.S. industry experience should be applied as best information available.

Sambo states its warehousing expenses are included as part of its F.O.B. costs, reported as the brokerage and handling charge, and therefore are already deducted from U.S. price.

DOC Position

We agree with the respondent. At verification, we verified that the brokerage and handling amount claimed by Sambo included warehousing expenses.

Comment 7

Petitioners content that Sambo's sales of merchandise with special finishes should be included in fair market value comparisons to the extent that these sales constitute the most similar merchandise to U.S. products based on grade, guage, width and packed form.

Sambo claims that in no instance does a "less similar" product comparison result because of a difference in surface finish.

DOC Position

We agree with the petitioners' methodology and agree with the respondent with its application in this case. None of the special finish products are more similar to the U.S. products than the regular mill finish products we have selected for comparison.

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Comment 8

Sambo argues that, in calculating foreign market value, the Department should exclude small quantity and retail sales in the home market as being outside the ordinary course of trade. Sambo cites past Department practice where comparisons have been limited to comparable quantities and level of trade.

Petitioners contend that these sales are, in fact, part of Sambo's ordinary course of trade and should be included. Furthermore, petitioners allege that Sambo's claim for exclusion of retail sales constitutes an attempt to claim a level of trade adjustment for which Sambo is not entitled.

DOC Position

In accordance with 19 CFR 353.19, we have compared U.S. sales to home market sales at the same commercial level of trade. To the extent home market retail sales were identified by Sambo, we have excluded them from comparison. We have not excluded Sambo's small quantity sales to its usual commercial customers as these sales are made at the same level of trade as U.S. sales and are in the ordinary course of trade.

Comment 9

Sambo argues that in calculating foreign market value, the Department should exclude home market sales made by Sambo in cases where the merchandise was actually manufactured by an unrelated company.

Petitioners claim that Sambo has not established that the outside producer performed all manufacturing steps related to these sales. As Sambo may have performed part of the production process, the Department should determine that these sales were entirely produced by the unrelated vendor before excluding them.

DOC Position

We verified that Sambo did not produce this merchandise. As foreign market value is determined by the price at which such or similar merchandise is sold (19 CFR 353.4(a)), and "such or similar merchandise" is defined as, among other things, goods produced "by the same person as the merchandise which is the subject of the investigation" (section 771(16)(B)(i) of the Act), we have excluded these sales from comparison.

Comment 10

Sambo states that, in calculating foreign market value, the Department should either exclude home market sales for which an outside, unrelated party performed additional slitting (i.e. cutting to width), or grant a difference in merchandise adjustment for such sales.

Petitioners contend that excluding these sales is unsupported by the statute and that an adjustment is not warranted because this outside cutting is reflected in Sambo's ultimate selling price.

DOC Position

We agree with the petitioners. Sambo produced the merchandise in question and simply subcontracted a small portion of the process to another company. The product remains within the purview of such or similar merchandise defined under section 771(16) of the Act. No adjustment for physical differences in merchandise is appropriate since the merchandise that results from this additional slitting is identical, with respect to width group, to the U.S. product to which it is being compared.

Comment 11

Petitioners argue that in calculating foreign market value, the Department should not exclude certain home market sales which Sambo alleges were cancelled, as these sales may have been reinstated later to avoid inclusion in this investigation.

DOC Position

From the information presented for the record and at verification, there is no indication that the cancelled home market sales reported by Sambo were cancelled to avoid scrutiny. We therefore consider it proper to exclude these sales.

Comment 12

Petitioners contend that the difference in merchandise adjustments for fabrication costs presented by Sambo at and subsequent to verification are untimely and not supported by the documentation submitted. Consequently, the Department should not allow these claims.

Sambo contends that its cost data were submitted in a timely manner, citing the Department's past acceptance of such information at verification.

DOC Position

We agree with the respondent. Sambo's cost adjustment claims, affecting less than fifteen percent of all sales, were submitted in time for the Department to analyze and verify them and for petitioners to comment on them. As most of the products compared are not affected by the claimed adjustments, Sambo's claims do not constitute a major revision of the response at verification. Therefore, we have accepted Sambo's submission. Where the claimed adjustments were properly verified, we have used them in making our determination.

Comment 13

Petitioners challenge Sambo's use of a weighted-average freight cost for all home market sales under investigation. Instead, petitioners contend that Sambo should have provided this cost on a sale-by-sale basis. Since Sambo did not make these individual calculations, petitioners state that the Department should use the lowest actual cost verified as best information available for all home market sales.

Sambo argues that its use of an average freight cost is reasonable and in accordance with Department practice.

DOC Position

Sambo's freight calculation methodology and source documentation were examined and verified. We found the methodology reasonable in light of the alternative which would have been to calculate thousands of transactions individually. Therefore, we have accepted the respondent's claim.

Comment 14

Sambo contends that the Department's use of quarterly exchange rates was inappropriate. In particular, Sambo claims that the Department should have used the daily exchange rate on a date which accounts for a large number of U.S. sales transactions. Because the daily rate on this date varied by less than five percent from the quarterly rate, the Department relied on the quarterly rate for that date. Sambo argues that this action resulted in a "mechanical currency conversion" that did not reflect commercial reality at that time, and that the daily rate in effect on that date was the rate on which the sales in question were based.

Sambo cites the case of *Luciano Pisoni* v. *United States*, 10 CIT ____, 640 F. Supp. 255, for the proposition that the Department should not utilize quarterly exchange rates where a daily rate would be more realistic of the transactions involved. Sambo states further that *Luciano Pisoni* and *Melamine Chemicals* v. *United States*, 732 F. 2d. 924, make clear the need to avoid "mechanical currency conversion formulas in fair value investigations."

Petitioners hold that the quarterly rate is required by statute in this instance because the variation in the rate was less than the five percent minimum required for use of the daily rate. Moreover, petitioners challenge Sambo's assertion that a temporary exchange

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rate fluctuation occurred on the date in question in view of the steady depreciation of the U.S. dollar against the yen.

DOC Position

As the daily rate on the date in question varied by less than five percent, the Department's policy is to use the quarterly rate in effect on that date. With regard to *Luciano Pisoni* and *Melamine*, those cases prohibit the use of exchange rates that in and of themselves produce margins. In this case, our review of the response shows that the use of a daily exchange rate, as opposed to quarterly rates, would not eliminate Sambo's margin of dumping. Therefore, the Department is not required to use daily rates.

Continuation of Suspension of Liquidation

In accordance with sections 733(d) and 735(c) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of brass sheet and strip from Japan that are entered or withdrawn from warehouse, for consumption, on or after February 1, 1988, the date of publication of the preliminary determination in the **Federal Register**. The U.S. Customs Service shall require a cash deposit or posting of a bond equal to the estimated amounts by which the foreign market value of brass sheet and strip from Japan exceeds the United States price as shown below. This suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Manufacturer/producer/exporter	Weighted-average margin percentage
Nippon Mining Co., Ltd.	57.98
Sambo Copper Alloy Co., Ltd.	13.30
Mitsubishi Shindoh Co., Ltd.	57.98
Kobe Steel, Ltd.	57.98
All Others	45.72

This suspension of liquidation covers imports of brass sheet and strip meeting the definition outlined in the "Scope of Investigation" section of this notice.

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. However, if the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing Customs offices to assess an antidumping duty on brass sheet and strip from Japan, entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value exceeds the United States price.

This determination is published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)).

June 15, 1988.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 88-13947 Filed 6-20-88; 8:45 am]

BILLING CODE 3510-DS-M

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[A-421-701]

Brass Sheet and Strip From The Netherlands; Postponement of Final Antidumping Duty Determination

AGENCY: International Trade Administration, Import Administration, Department of Commerce.

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ACTION: Notice.

SUMMARY: This notice informs the public that we have received a request from the respondent in this investigation, Metallverken Nederland, B.V. (MN), to postpone the final determination to June 15, 1988, as permitted in section 735(a)(2)(A) of the Tariff Act of 1930, as amended (the Act), (19 U.S.C. 1673(a)(2)(A)).

Based on this request, we are postponing our final determination as to whether sales of brass sheet and strip from The Netherlands have occurred at less than fair value until not later than June 15, 1988. We are also postponing our public hearing from March 28, 1988, until May 4, 1988.

EFFECTIVE DATE: March 10, 1988.

FOR FURTHER INFORMATION CONTACT: John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 377-3965.

SUPPLEMENTARY INFORMATION: On February 8, 1988, we published a preliminary determination of sales at less than fair value with respect to this merchandise (53 FR 3612). This notice stated that if the investigation proceeded normally, we would make our final determination by April 18, 1988.

On February 12, 1988, MN requested a postponement of the final determination until not later than June 15, 1988, pursuant to section 735(a)(2)(A) of the Act. This respondent accounts for a significant proportion of exports of the merchandise to the United States. If exporters who account for a significant proportion of exports of the merchandise under investigation request an extension after an affirmative preliminary determination, we are required, absent compelling reasons to the contrary, to grant the request. Accordingly, we are postponing the date of the final determination until not later than June 15, 1988.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 9:00 a.m. on May 4, 1988, at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue, NW., Washington, DC. 20230

Individuals who wish to participate in the hearing must submit a request to the Acting Assistant Secretary for Import Administration, Room B-099, at the above address within 10 days of publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reasons for attending; and (4) a list of the issues to be discussed. In addition, prehearing briefs in at least 10 copies must be submitted to the Acting Assistant Secretary for Import Administration by April 27, 1988. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.48, not less than 30 days before the final determination or, if a hearing is held, within 7 days after the hearing transcript is available, at the above address in at least 10 copies.

The U.S.International Trade Commission is being advised of this postponement, in accordance with section 735(d) of the Act. This notice is published pursuant to section 735(d) of the Act.

Gilbert B. Kaplan,

Acting Assistant Secretary for Import Administration.

March 4, 1988.

[FR Doc. 88-5304 Filed 3-9-88; 8:45 am]

BILLING CODE 3510-DS-M

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International Trade Administration

[A-588-704]

Postponement of Final Antidumping Duty Determination; Brass Sheet and Strip From Japan

AGENCY: International Trade Administration, Import Administration, Commerce.

ACTION: Notice.

SUMMARY: This notice informs the public that we have received requests from Nippon Mining Co., Ltd. (NMC) and Sambo Copper Alloy Co., Ltd. (Sambo) in this investigation to postpone the final determination, as permitted in section 735(a)(2)(A) of the Tariff Act of 1930, as amended (the Act), (19 U.S.C. 1673d(a)(2)(A)).

Based on these requests, we are postponing our final determination as to whether sales of brass sheet and strip from Japan have occurred at less than fair value until not later than June 15, 1988. We are also postponing our public hearing from March 15, 1988, until May 12, 1988.

EFFECTIVE DATE: February 22, 1988.

FOR FURTHER INFORMATION CONTACT: Michael Ready (202-377-2613) or Paul H. Tambakis (202-377-4136), Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

SUPPLEMENTARY INFORMATION: On February 1, 1988, we published a preliminary determination of sales at less than fair value with respect to this merchandise (53 FR 2771). This notice stated that if the investigation proceeded normally, we would make our final determination by April 11, 1988.

On February 4, 1988, MNC requested a postponement of the final determination until not later than the 135th day after publication of our preliminary determination, pursuant to section 735(a)(2)(A) of the Act. On February 8, 1988, Sambo also requested the Department for a postponement of the final determination. These respondents account for a significant proportion of exports of the merchandise to the United States. If exporters who account for a significant proportion of exports of the merchandise under investigation request an extension after an affirmative preliminary determination, we are required, absent compelling reasons to the contrary, to grant the request. Accordingly, we are postponing the date of the final determination until not later than June 15, 1988.

Public Comment

In accordance with section 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 1:30 p.m. on May 12, 1988, at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue, NW., Washington, DC 20230.

Individuals who wish to participate in the hearing must submit a request to the Acting Assistant Secretary for Import Administration, Room B-099, at the above address within 10 days of publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reasons for attending; and (4) a list of the issues to be discussed. In addition, prehearing briefs in at least 10 copies must be submitted to the Acting Assistant Secretary for Import Administration by May 5, 1988. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, not less than 30 days before the final determination or, if a hearing is held, within 7 days after the hearing transcript is available, at the above address in at least 10 copies.

The U.S. International Trade Commission is being advised of this postponement, in accordance with section 735(d) of the Act. This notice is published pursuant to section 735(d) of the Act.

February 17, 1988.

Gilbert B. Kaplan,

Acting Assistant Secretary for Import Administration.

[FR Doc. 88-3710 Filed 2-19-88; 8:45 am]

BILLING CODE 3510-DS-M

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DEPARTMENT OF COMMERCE

International Trade Administration

[A-421-701]

Preliminary Determination of Sales at Less Than Fair Value; Brass Sheet and Strip From The Netherlands

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We preliminarily determine that brass sheet and strip from The Netherlands are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination and have directed the U.S. Customs Service to suspend liquidation of all entries of brass sheet and strip from The Netherlands as described in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make a final determination by April 18, 1988.

EFFECTIVE DATE: February 8, 1988.

FOR FURTHER INFORMATION CONTACT: John Brinkmann, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-3965.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We preliminarily determine that brass sheet and strip from The Netherlands are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (19 U.S.C. 1673b) (the Act). The estimated weighted-average margins are shown in the "Suspension of Liquidation" section of this notice.

Case History

Since our notice of initiation (52 FR 30412), the following events have occurred. On September 3, 1987, the ITC determined that there is a reasonable indication that imports of brass sheet and strip from The Netherlands are materially injuring a U.S. industry (52 FR 34324).

On September 10, 1987, a questionnaire was presented to legal counsel for Metallverken Nederland B.V. (MN), which accounts for a substantial portion of Dutch exports to the United States during the period of investigation.

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On October 28, 1987, we received a questionnaire response from MN. We sent deficiency letters to the respondent on November 19, 1987 and December 18, 1987, and received responses to those letters on December 2, 1987 and January 4, 1988.

On December 1, 1987, petitioners requested a postponement of the preliminary determination, and on December 4, 1987, in accordance with section 733(c)(1)(A) of the Act and 19 CFR 353.39(b) of the Department of Commerce regulations, we postponed the preliminary determination to January 26, 1988 (52 FR 46805). On January 19, 1988, petitioners requested a further postponement of the preliminary determination, and on January 22, 1988, in accordance with section 733(c)(1)(A) of the Act, we postponed the preliminary determination until February 2, 1988 (53 FR 1933).

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. The U.S. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate Tariff Schedules of the United States annotated (*TSUSA*) item numbers and the appropriate HS item numbers with our product descriptions on a test basis, pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the *TSUSA* item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs officers have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass sheet and strip, currently provided for under the *TSUSA* item numbers 612.3960, 612.3982, and 612.3986, and currently classifiable under HS item numbers 7409.21.00.50, 7409.21.00.75, 7409.29.00.50, and 7409.29.00.75.

The chemical compositions of the products under investigation are currently defined in the Cooper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are defined by other C.D.A. or U.N.S. series are not covered by this investigation.

Period of Investigation

The period of investigation is February 1, 1987 through July 31, 1987.

Such or Similar Comparisons

We have determined that all of the brass sheet and strip under investigation constitutes the same class or kind of merchandise.

In order to select the most similar products, we made comparisons of merchandise based on grade (chemical composition), gauge, width, coating (tinned or non-tinned), temper and packed form (coil, cut-to-length or traverse-wound).

For merchandise where there were no identical products with which to compare a product sold to the United States, we made adjustments to similar merchandise to account for differences in the physical characteristics of the merchandise, in accordance with section 773(a)(4)(C) of the Act.

Fair Value Comparisons

To determine whether sales of brass sheet and strip from The Netherlands to the United States were made at less than fair value, we compared the United States price to the foreign market value as specified below.

United States Price

Purchase Price

As provided in section 772(b) of the Act, we used the purchase price to represent the United States price for sales of brass sheet and strip made by MN through related and unrelated sales agents in the United States to an unrelated purchaser prior to importation of the brass into the United States. The Department determined that purchase price and not exporter's sales price was the most appropriate indicator of United States price based on the following elements.

1. The merchandise was purchased or agreed to be purchased prior to the date of importation from the manufacturer or producer of the merchandise for exportation to the United States.

2. The related and unrelated selling agents located in the United States acted only as processors of sales-related documentation and as communication links with the unrelated U.S. buyers.

3. Rather than entering into the inventory of the related or unrelated selling agents, the merchandise in question was shipped directly from the manufacturer to the unrelated buyers. Thus, it did not give rise to storage and associated costs on the part of the selling grants or create flexibility in marketing for the exporter.

4. Direct shipments from the manufacturer to the unrelated buyers were the customary commercial channel for sales of this merchandise between the parties involved.

We calculated purchase price based on the packed, delivered, duty paid prices to unrelated customers in the United States. We made deductions from purchase price, where appropriate, for point-to-point freight, U.S. brokerage and handling, point-to-point insurance, U.S. duty, and year-end rebates in accordance with section 772(d)(2) of the Act.

Exporter's Sales Price

Where the brass sheet and strip were imported into the United States by a related importer before being sold to the first unrelated party, we treated such sales as exporter's sales price sales.

To calculate exporter's sales price, we used the packed, delivered or ex-works, duty paid prices of brass sheet and strip to unrelated purchasers in the United Strates. We made deductions for point-to-point freight, point-to-point insurance, U.S. duty, and U.S. brokerage and handling.

We made deductions under § 353.10(e)(2) of our regulations for direct and indirect selling expenses incurred by or for the exporter in selling brass sheet and strip in the United States. Indirect selling expenses were comprised of indirect selling expenses incurred outside the U.S., U.S. indirect selling expenses of the related reseller in the U.S., and inventory carrying costs. U.S. credit was deducted as a direct selling expense. Pursuant to § 353.10(e)(1) of our regulations, we also deducted, where appropriate, commissions paid to unrelated parties. The total of the indirect expenses and commissions formed the cap for the allowable home market indirect selling expenses offset under § 353.15(c) of our regulations.

For exporter's sales price sales involving further manufacturing, pursuant to § 353.10(e)(3) of our regulations, we deducted all value added to the subject merchandise in the United States plus a proportional amount of the profit or loss on the U.S. sale that was attributable to further manufacturing.

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Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on the packed, delivered or ex-works prices to unrelated customers in the home market. We made deductions from the home market price, where appropriate, for inland freight and insurance, warranty expenses, quantity discounts, and scrap handling expenses. Where appropriate, we made additions to the home market price for quantity and scrap extras.

In order to adjust for differences in packing between the U.S. and home markets, we deducted the home market packing cost from the foreign market value and added all U.S. packing costs.

We made further adjustments to the home market price to account for differences in the physical characteristics of the merchandise in accordance with section 773(a)(4)(C) of the Act.

Where U.S. price was based on purchase price, we made adjustments under § 353.15 of our regulations for differences in credit expenses in the U.S. and home market. We offset commissions paid on U.S. pruchase price sales with indirect selling expenses in the home market, in accordance with § 353.15(c) of our regulations.

Where U.S. price was based on exporter's sales price, we made a deduction from home market prices for credit expenses in the home market. We also deducted indirect selling expenses in the home market to offset United States selling expenses, in accordance with § 353.15(c) of our regulations.

Currency Conversion

For comparisons involving purchase price transactions, we made currency conversions in accordance with 19 CFR 353.56(a)(1). For comparisons involving exporter's sales price transactions, we used the official exchange rates in effect on the dates of sale, in accordance with section 773(a)(1) of the Act, as amended by section 615 of the Trade and Tariff Act of 1984. All currency conversions were made at the rates certified by the Federal Reserve Bank.

Verification

We will verify the information used in making our final determination in accordance with section 776(a) of the Act.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of brass sheet and strip from the Netherlands that are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The U.S. Custom Service shall require a cash deposit or posting of a bond equal to the estimated amounts by which the foreign market value of brass sheet and strip from the Netherlands exceeds the United States price as shown below. This suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Manufacturer/producer/exporter	Weighted-average margin percentage (percent)
Metallverken Nederland, B.V.	19.61
All others	19.61

This suspension of liquidation covers imports of brass sheet and strip meeting the definition outlined in the "Scope of Investigation" section of this notice.

LTC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged, and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under administrative protective order, without the written consent of the Acting Assistant Secretary for Import Administration.

The ITC will determine whether these imports are materially injuring, or threaten material injury to, a U.S. industry before the later of 120 days after the date of this determination or 45 days after the final determination, if affirmative.

Public Comment

In accordance with 19 CFR 353.47, if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 1:00 p.m. on March 28, 1988, at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Individuals who wish to participate in the hearing must submit a request to the Acting Assistant Secretary for Import Administration, Room B-099, at the above address within ten days of the publication of this notice. Requests should contain: (1) The party's name, address and telephone number; (2) the number of participants; (3) the reasons for attending; and (4) a list of the issues to be discussed.

In addition, prehearing briefs in at least ten copies must be submitted to the Acting Assistant Secretary by March 21, 1988. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, at the above address, in at least ten copies, not less than 30 days before the date of the final determination, or, if a hearing is held, within seven days after the hearing transcript is available.

This determination is published pursuant to section 733(f) of the Act (19 U.S.C. 1673b(f)).

Gilbert B. Kaplan,

Acting Assistant Secretary for Import Administration.

February 2, 1988.

[FR Doc. 88-2606 Filed 2-5-88; 8:45 am]

BILLING CODE 3510-DS-M

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Notices

Federal Register
Vol. 53, No. 20
Monday, February 1, 1988

[A-588-704]

Preliminary Determination of Sales at Less Than Fair Value; Brass Sheet and Strip from Japan

AGENCY: Import Administration, International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: We preliminarily determine that brass sheet and strip from Japan are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination and have directed the U.S. Customs Service to suspend liquidation of all entries of brass sheet and strip from Japan as described in the "Suspension of Liquidation" section of this notice. If this investigation proceeds normally, we will make a final determination by April 11, 1988.

EFFECTIVE DATE: February 1, 1988.

FOR FURTHER INFORMATION CONTACT: Michael J. Ready or Paul H. Tambakis, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone: (202) 377-2613 or 377-4136.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We preliminarily determine that brass sheet and strip from Japan are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (19 U.S.C. 1673b), (the Act). The estimated weighted-average margins are shown in the "Suspension of Liquidation" section of this notice.

Case History

Since our notice of initiation (52 FR 30412), the following events have occurred: On September 3, 1987, the ITC determined that there is a reasonable indication that a U.S. industry is materially injured by reason of imports or brass sheet and strip from Japan (52 FR 3424).

On September 11, 1987, we presented antidumping duty questionnaires to Nippon Mining Co., Ltd. (NMC), Sambo

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Copper Alloy Co., Ltd. (Sambo), Mitsubishi Shindoh Co., Ltd., (Mitsubishi), and Kobe Steel, Ltd, (Kobe), which accounted for approximately 90 percent of the exports of brass sheet and strip from Japan to the United States during the period of investigation.

We received responses to there questionnaires from NMC and Sambo. After reviewing the responses, we sent our deficiency questionnaires and received supplemental responses from NMC and Sambo. Additional deficiency letters were sent to those respondents during November and December. These responses were received by the Department prior to this determination.

On December 1, 1987, petitioners requested a postponement of the preliminary determination. On December 4, 1987, in accordance with section 733(c)(1)(A) of the Act, we postponed the preliminary determination until January 26, 1988 (52 FR 46805, December 10, 1987).

On December 24, 1987, petitioners alleged that NMC's home market sales of brass sheet and strip were being made at prices that were below their costs of production. Given the timing of this allegation, we were unable to consider if for the preliminary determination. We will address this allegation in our final determination.

Scope of Investigation

The United States has developed a system of tariff classification based on the international harmonized system of Customs nomenclature. The U.S. Congress is considering legislation to convert the United States to this Harmonized System (HS). In view of this proposal, we will be providing both the appropriate Tariff Schedules of the United States annotated (*TSUSA*) item numbers and the appropriate HS item numbers with our product descriptions on a test basis pending Congressional approval. As with the TSUSA, the HS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

We are requesting petitioners to include the appropriate HS item number(s) as well as the (*TSUSA*) item number(s) in all new petitions filed with the Department. A reference copy of the proposed HS schedule is available for consultation at the Central Records Unit, Room B-099, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230. Additionally, all Customs officers have reference copies and petitioners may contact the Import Specialist at their local Customs office to consult the schedule.

The products covered by this investigation are brass sheet and strip, other than leaded brass and tin brass and strip, currently provided for under the *TSUSA* item numbers 612.3960, 612.3982, and 612.3986, and currently classifiable under HS item numbers 7409.21.0050, 7409.21.0075, 7409.29.0050, and 7409.29.0075.

The chemical compositions of the products under investigation are currently defined in the Copper Development Association (C.D.A.) 200 series or the Unified Numbering System (U.N.S.) C20000 series. Products whose chemical compositions are defined by other C.D.A. or U.N.S. series are not covered by this investigation.

Period of Investigation

Following a request by Sambo and analysis of sales and shipment data by the respondents, we noted that the bulk of Sambo's sales are made pursuant to long-term blanket contracts, most of which would not be captured by our February 1, 1987–July 31, 1987 period of investigation. Consequently, we extended the period of investigation for Sambo to October 1, 1986–July 31, 1987, as permitted by 19 CFR 353.38(a). No such extension was warranted for the other respondents, so their period of investigation remains from February 1, 1987 to July 31, 1987.

Such or Similar Comparisons

We have determined that all of the brass sheet and strip under investigation constitutes the same class or kind of merchandise and differences between types of brass are not significant enough to warrant separate "such or similar" comparisons. Therefore, the brass sheet and strip was considered one "such or similar" category.

In order to select the most similar products, we made comparisons of merchandise based on grade (chemical composition), gauge, width, coating (tinned or nontinned), temper and packed form (coil, cut-to-length or traverse-wound).

For merchandise where there were no identical products with which to compare a product sold to the United States, we made adjustments to similar merchandise to account for differences in the physical characteristics of the merchandise, in accordance with section 773(a)(4)(C) of the Act. Where adjustments were not provided by the respondents, we used the best information otherwise available in making the product comparisons.

Fair Value Comparisons

To determine whether sales of brass sheet and strip from Japan to the United States were made at less than fair value, we compared the United States price to the foreign market value as specified below. Where a company has failed to respond to our questionnaire, in accordance with section 776(b) of the Act, we have determined that it is appropriate for this preliminary determination to assign that company the higher of either (1) the rate calculated from information supplied in the petition, or (2) the rate for the respondent with the highest margin of all respondents that supplied adequate responses. For Mitsubishi and Kobe, the margin was based on information from the petition as best information available.

United States Price

Since all sales were made directly to unrelated parties prior to importation into the United States, we based the United States price on purchase price, in accordance with section 772(b) of the Act.

We calculated purchase price based on the packed c & f or c.i.f. duty unpaid prices to unrelated customers in the United States. We made deductions from purchase price, where appropriate, for foreign inland freight, export brokerage, ocean freight, and marine insurance, in accordance with section 772(d)(2) of the Act. We made an addition to purchase price for duty drawback (i.e., import duties which were not collected by reason of the exportation of the merchandise to the United States) pursuant to section 772(d)(1)(B) of the Act.

Foreign Market Value

In accordance with section 773(a) of the Act, we calculated foreign market value based on packed delivered prices to unrelated customers in the home market. We made deductions from the home market price, where appropriate, for inland freight and rebates. In order to adjust for differences in packing between the U.S. and home markets, we deducted the home market packing cost from the foreign market value and added U.S. packing costs.

We made adjustments to the home market price, where appropriate, for differences in credit expenses and warranties, pursuant to 19 CFR 353.15.

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Where information was provided, we made further adjustments to the home market price to account for differences in the physical characteristics of the merchandise in accordance with section 773(a)(4)(C) of the Act. Where no such information was provided by respondents for certain product characteristics, the Department used the best information otherwise available and selected most similar merchandise on the basis of cost. As an example, with all product characteristics matched except for gauge, U.S. merchandise was compared to the next thinnest (more costly) home market merchandise.

The credit expense formulas used by Sambo and NMC were inconsistent with Departmental practice. We recalculated credit expenses for these respondents based on the actual number of days from shipment date to payment date.

We disallowed technical service expenses claimed by NMC in the home market because NMC did not sufficiently demonstrate that these expenses were directly related to the sales in question. We will seek further information at verification.

Sambo claimed a quantity surcharge adjustment for certain home market sales. We are disallowing this claim because it has not been sufficiently quantified. We will seek further information at verification and consider it for purposes of our final determination.

Sambo has also made claims for indirect selling expenses and inventory carrying costs in the home market. We denied these adjustments because no claim was made for commissions in the U.S. market in accordance with 19 CFR 353.15(c).

Currency Conversion

For comparisons involving purchase price transactions, we made currency conversions in accordance with 19 CFR 353.56(a)(1). All currency conversions were made at the rates certified by the Federal Reserve Bank of New York.

Verification

We will verify the information used in making our final determination in accordance with section 776(a) of the Act.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of brass sheet and strip from Japan that are entered or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The U.S. Customs Service shall require a cash deposit or posting of a bond equal to the estimated amounts by which the foreign market value of brass sheet and strip from Japan exceeds the United States price as shown below. This suspension of liquidation will remain in effect until further notice. The weighted-average margins are as follows:

Manufacturer/Producer/ Exporter	Weighted-average margin percentage (percent)
Nippon Mining Co., Ltd.	24.89
Sambo Copper Alloy Co., Ltd.	14.36
Mitsubishi Shindoh Co., Ltd.	33.25
Kobe Steel, Ltd.	33.25
All Others	24.98

This suspension of liquidation covers imports of brass sheet and strip meeting the definition outlined in the "Scope of Investigation" section of this notice.

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under administrative protective order, without the written consent of the Acting Assistant Secretary for Import Administration.

The ITC will determine whether these imports are materially injuring, or threaten material injury to, a U.S. industry before the later of 120 days after the date of this determination or 45 days after the final determination, if affirmative.

Public Comment

In accordance with 19 CFR 353.47, if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 10:00 a.m. on March 15, 1988, at the U.S. Department of Commerce, Room 3708, 14th Street and Constitution Avenue NW., Washington, DC 20230. Individuals who wish to participate in the hearing must submit a request to the Acting Assistant Secretary for Import Administration, Room B-099, at the above address within ten days of the publication of this notice. Requests should contain: (1) The party's name, address and telephone number; (2) the number of participants; (3) the reasons for attending; and (4) a list of the issues to be discussed.

In addition, prehearing brief in at least ten copies must be submitted to the Acting Assistant Secretary by March 8, 1988. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, at the above address, in at least ten copies, not less than 30 days before the date of the final determination, or, if a hearing is held, within seven days after the hearing transcript is available.

This determination is published pursuant to section 733(f) of the Act (19 U.S.C. 1673b(f)).

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

January 28, 1988.

[FR Doc. 88-2003 Filed 1-29-88; 8:45 am]

BILLING CODE 3510-DS-M

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APPENDIX B

LIST OF WITNESSES APPEARING AT THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

Those listed below appeared as witnesses at the United States International Trade Commission's hearing:

Subject : Certain Brass Sheet and Strip from Japan and the Netherlands

Inv. Nos. : 731-TA-379 and 380 (Final)

Date and time : June 28, 1988 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main Hearing Room 101 of the United States International Trade Commission, 500 E Street, S.W., in Washington.

In support of the imposition of antidumping duties:

Collier, Shannon, Rill & Scott--Counsel
Washington, D.C.
on behalf of

American Brass, Buffalo, New York
Bridgeport Brass Corporation, Indianapolis, Indiana
Chase Brass & Copper Company, Solon, Ohio
Hussey Copper Ltd., Leetsdale, Pennsylvania
The Miller Company, Meriden, Connecticut
Olin Corporation-Brass Group, East Alton, Illinois
Revere Copper Products, Inc., Rome, New York
International Association of Machinist and Aerospace Workers, Washington, D.C.
International Union, Allied Industrial Workers of America (AFL-CIO), Milwaukee, Wisconsin
Mechanics Educational Society of America (Local 56), Rome, New York
United Steelworkers of America (AFL-CIO/CLC), Pittsburgh, Pennsylvania

Joseph E. Goodell, President and Chief Executive Officer, American Brass

Thomas M. Gura, Vice President of Marketing, Olin Brass

- more -

In support of the imposition of antidumping duties:

Collier, Shannon, Rill & Scott--COUNSEL

John Pegg, President, Pegg Metals, Inc.

Patrick J. Magrath, President, Georgetown Economic Services

Jill D. Geier, Georgetown Economic Service

Daniel B. Becker, Director of Marketing, Olin Brass

Bruno H. Eisner, Vice President of Marketing and Sales, American Brass

David A. Hartquist)
Jeffrey S. Beckington)
Kathleen Weaver Cannon) --OF COUNSEL
Mary T. Staley)

In opposition to the imposition of antidumping duties:

Arent, Fox, Kintner, Plotkin & Kahn--Counsel
Washington, D.C.
on behalf of

Metallverken Nederland B.V., Outokumpu Metallverken Inc., and Global Metals Corp.

Lennart Gustafsson, Vice President & Chief Executive Officer, Outokumpu Copper Group Chairman, Metallverken AB

Alan L. Madian, Erb & Madian, Inc.

Anthony R. Cucchiaro, Vice President, Purchasing, The G&O Manufacturing Company

- more -

In opposition to the imposition of antidumping duties:

Arent, Fox, Kintner, Plotkin & Kahn--Counsel

Rudy W. Possehl, Vice President, Purchasing, Modine Manufacturing Company

Peter Rossin, Jr., President, Universal Auto Radiator Manufacturing Company

William R. Walsh, Executive Vice President, Interlock Corporation

Staffan Anger, General Manager, Automotive Industry, Metallverken AB

Ulf Anvin, Vice President-Marketing, Outokumpu Metallverken Inc.

Robert Bloom, Vice President, Global Metals Corporation

Stephen L. Gibson)--OF COUNSEL
Callie Georgeann Pappas)

Graham & James--Counsel
Washington, D.C.
on behalf of

Nippon Mining Company, Ltd., a manufacturer in Japan

Yoshihiro Saito)--OF COUNSEL
Brian E. McGill)

Sharretts, Paley, Carter & Blaulvelt, P.C.--Counsel
Washington, D.C.
on behalf of

Cambridge Lee Industries, Inc.

Vincent P. Robinson, Sr., President, Cambridge-Lee Industries

In opposition to the imposition of antidumping duties:

Sharretts, Paley, Carter & Blaulvelt P.C.--Counsel

Don K. Alpaugh, Director of Purchasing, Cambridge-Lee Industries

John Wright, Vice President - Metals Department, Brite-Vue Architectural Metals

Gail T. Cumins)
Ned Marshak)
Peter O. Suchman)--OF COUNSEL
Beatrice A. Brickell)

Dynasty Metals Incorporated, Kearny, New Jersey

Richard Kolodin, President

APPENDIX C

REROLLERS' DATA

Questionnaires were sent to the following firms that were believed to reroll brass sheet and strip or have the capability to do so: A.J. Oster Co., Inc., Providence, RI; Bridgeport Rolling Mills, Co., Stratford, CT; Bryan Metals Inc., Bryan, OH; Cabot Corp., Kokomo, IN; Century Brass Products, Inc., Waterbury, CT; Criterion Metals Inc., Attleboro, MA; Eastern Metal Mill Products, Dedham, MA; Eastern Rolling Mills, Inc., Bronx, NY; Heyco Metals Inc., Reading, PA; New England Brass Co., Tauton, MA; New Haven Copper Co., Seymour, CT; Scott Brass Inc., Cranston, RI; The Thinsheet Metals Co., Waterbury, CT; and Volco Brass & Copper Co., Ortley Beach, NJ.

* * * returned page one of the questionnaire certifying that those firms did not produce brass sheet and strip during any part of the period January 1, 1985, through March 31, 1988. * * * have closed their plants and are out of business.

* * * * * * *

The Commission issued administrative subpoenas in order to obtain questionnaire responses from * * *.

* * * * * * *

The five rerollers that filed questionnaires accounted for about *** percent of 1987 shipments of C20000-series brass sheet and strip for reroll as reported by U.S. primary brass mills. The locations of rerollers' facilities, and their share of reported shipments of C20000-series brass sheet and strip in 1987, are presented in the following tabulation (in percent):

Firm and plant locations	Share of brass rerollers' shipments in 1987
* * * * * * *	
Total.....	100.0

*** of the rerollers * * * accounted for *** percent of aggregate shipments of C20000-series brass sheet and strip by rerollers in 1987.

Rerollers' capacity, production, and capacity utilization (based on quantity) all increased during January 1985-March 1988, as shown in table C-1. Only * * * reported inventories of finished product, and others reported inventories of purchased brass sheet and strip used as input for rerolling; therefore, rerollers' inventory data are not meaningful. Also, employment data were not sufficiently complete to be usable.

Rerollers' total shipments of C20000-series brass sheet and strip (based on quantity) increased 14.9 percent from 1985 to 1986, 8.6 percent from 1986 to 1987, and 22.0 percent during January-March 1988 when compared with shipments during January-March 1987 (table C-2).

Table C-1
C20000-series brass sheet and strip: U.S. rerollers' productive capacity, production, and capacity utilization, 1985-87, January-March 1987, and January-March 1988

Item	1985	1986	1987	January-March-- 1987	January-March-- 1988
C20000-series brass sheet and strip:					
End-of-period capacity:					
Quantity (1,000 pounds)..	62,888	66,567	70,477	17,620	19,254
Percentage change.....	1/	+5.9	+5.9	1/	+9.3
Production:					
Quantity (1,000 pounds)..	40,976	47,264	51,268	12,890	15,755
Percentage change.....	1/	+15.3	+8.5	1/	+22.2
Capacity utilization: 2/					
Percent.....	65.2	71.0	72.7	73.2	81.8
Percentage change 3/.....	1/	+9.0	+2.5	1/	+11.7

1/ Not available.
2/ Computed from data of firms providing data on both capacity and production.
3/ Computed from the unrounded figures.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table C-2
C20000-series brass sheet and strip: Shipments of U.S. brass rerollers, by types, 1985-87, January-March 1987, and January-March 1988

Item	1985	1986	1987	January-March-- 1987	January-March-- 1988
	Quantity (1,000 pounds)				
Company transfers.....	***	***	***	***	***
Domestic merchant shipments of finished product.....	***	***	***	***	***
Exports of finished product..	***	***	***	***	***
Total shipments.....	40,657	46,705	50,718	12,746	15,553
	Value (1,000 dollars)				
Company transfers.....	***	***	***	***	***
Domestic merchant shipments of finished product.....	***	***	***	***	***
Exports of finished product..	***	***	***	***	***
Total shipments.....	47,933	53,469	55,762	13,879	18,816

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

It should be noted again that the quantity of rerollers' production and shipments should not be added to production and shipments of primary brass mills because to do so would amount to counting the same brass a second time. Rerollers simply add value to the brass by rolling brass sheet and strip to thinner gauges; therefore, an argument can be made that the value of rerollers' shipments could be added to the value of the brass-mills' shipments.

Financial experience of U.S. rerollers.--Aggregate income-and-loss data on operations rerolling C20000-series brass sheet and strip are presented in table C-3. Unlike the brass-mill producers' experience, the rerollers 1/ had increasing sales throughout 1985-87 and the interim periods of 1987 and 1988; however, operating income and net income before taxes did not follow the same upward trend, except between interim 1987 and interim 1988. During 1985-87, net sales increased from $46.3 million to $55.5 million, or by 19.8 percent; operating income decreased from $2.8 million to $1.4 million, or by 49.7 percent; and net income before taxes decreased from $1.9 million to $12,000, or by 99.4 percent. On the other hand, profitability increased substantially between interim 1987 and interim 1988. Operating income increased from $226,000 to $1.5 million, or by $1.3 million, and net income before taxes increased from a loss of $91,000 to a profit of $1.1 million, or by a net of $1.2 million.

1/ * * *.

Table C-3
Income-and-loss experience of U.S. rerollers on their operations rerolling C20000-series brass sheet and strip, accounting years 1985-87, and interim periods ended Mar. 31, 1987, and Mar. 31, 1988

Item	1985	1986	1987	Interim period ended Mar. 31-- 1987	1988
	Value (1,000 dollars)				
Net sales	46,292	53,470	55,463	10,908	14,870
Cost of goods sold	37,340	44,655	47,173	9,294	11,735
Gross profit	8,952	8,815	8,290	1,614	3,135
General, selling, and administrative expenses	6,130	7,498	6,870	1,388	1,614
Operating income	2,822	1,317	1,420	226	1,521
Interest expense	1,099	1,424	1,489	348	423
Other income, net	179	140	81	31	24
Net income or (loss) before income taxes	1,902	33	12	(91)	1,122
Depreciation and amortization included above	704	1,162	1,355	335	314
Cash-flow 1/	2,606	1,195	1,367	244	1,436
	Share of net sales (percent)				
Cost of goods sold	80.7	83.5	85.1	85.2	78.9
Gross profit	19.3	16.5	14.9	14.8	21.1
General, selling, and administrative expenses	13.2	14.0	12.4	12.7	10.9
Operating income or	6.1	2.5	2.6	2.1	10.2
Net income or (loss) before income taxes	4.1	0.1	2/	(0.8)	7.5
	Number of firms reporting				
Operating losses	1	2	2	2	1
Net losses	1	2	2	2	2
Data	4	5	5	4	4

1/ Cash-flow is defined as net income or loss plus depreciation and amortization.
2/ Less than 0.05 percent.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

APPENDIX D

U.S. BRASS SHEET AND STRIP PRODUCERS' DESCRIPTIONS OF THE ACTUAL AND POTENTIAL NEGATIVE EFFECTS OF IMPORTS OF BRASS SHEET AND STRIP FROM THE COUNTRIES SUBJECT TO THESE INVESTIGATIONS ON THEIR GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

Capital and investment.--The producers were asked to describe any actual or potential negative effects of imports of brass sheet and strip from Japan and the Netherlands on their firm's growth, investment, and ability to raise capital. Their replies are as follows:

* * * * * * *

* * * * * * *

* * * * * * *